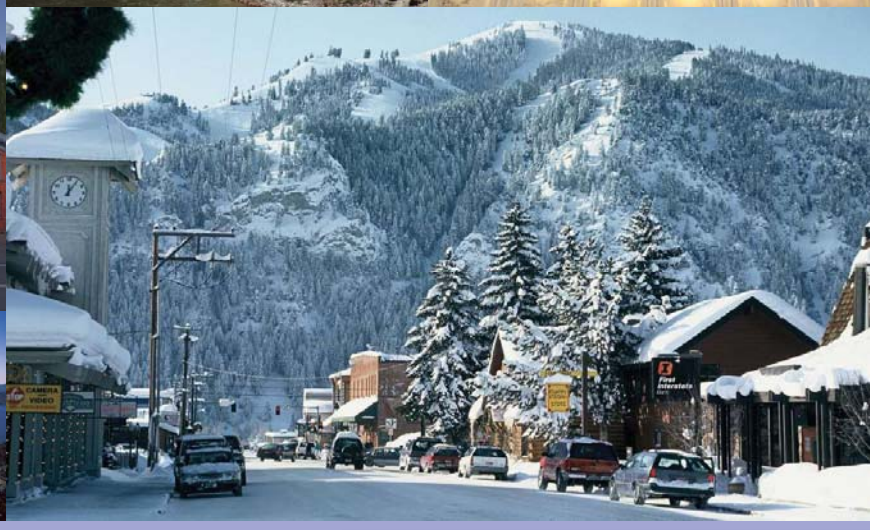
State of Idaho

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016



Cities of Idaho

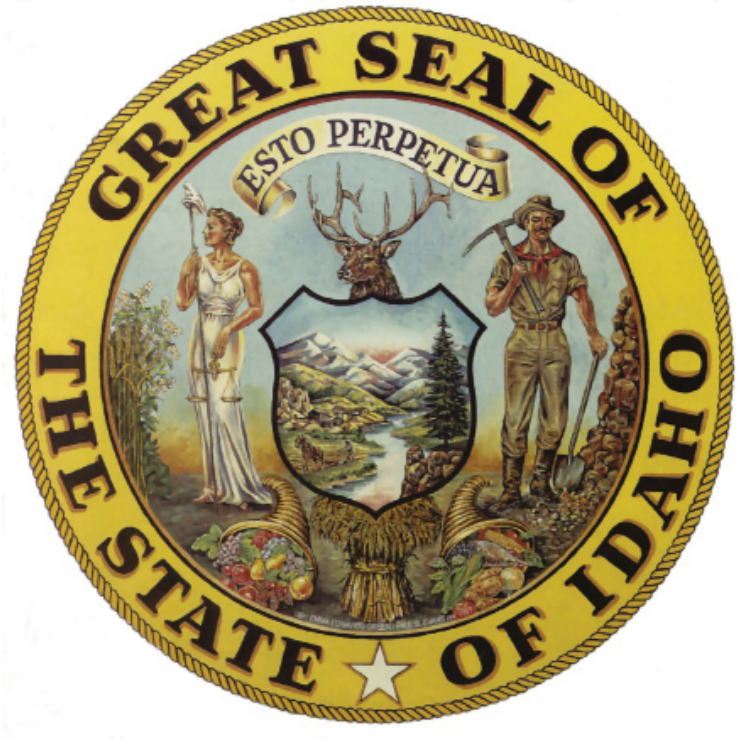
Boise

All photos courtesy of Idaho Tourism

State of

IDAHO

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2016

C.L. "Butch" Otter
Governor

Brandon D Woolf
State Controller

Prepared by the Office of the State Controller

This document and related information are available at www.sco.idaho.gov

Office of the State Controller
IDAHO

Brandon D Woolf
State Controller

ACKNOWLEDGMENTS:

Patrick Hodges, MBA

Administrator
Division of Statewide Accounting

Brandon Purcell, CGFM, CFE

Bureau Chief
Bureau of Reporting and Review

Christy Anderson
Jennifer Bonilla
Ethan Draves
Chris Floyd, CPA
Laurel Fritz, CPA
Roni Harlan
Tiffini LeJeune, CGFM
Kenneth Lock-Smith, CPA
Chris Stratton, CGFM

Thanks and appreciation to the Bureaus of Accounting Operations, Systems Administration, and Application Development in the Office of the State Controller.

Special appreciation to all fiscal and accounting personnel throughout the State whose efforts to contribute accurate, timely financial data for their agencies make this report possible.

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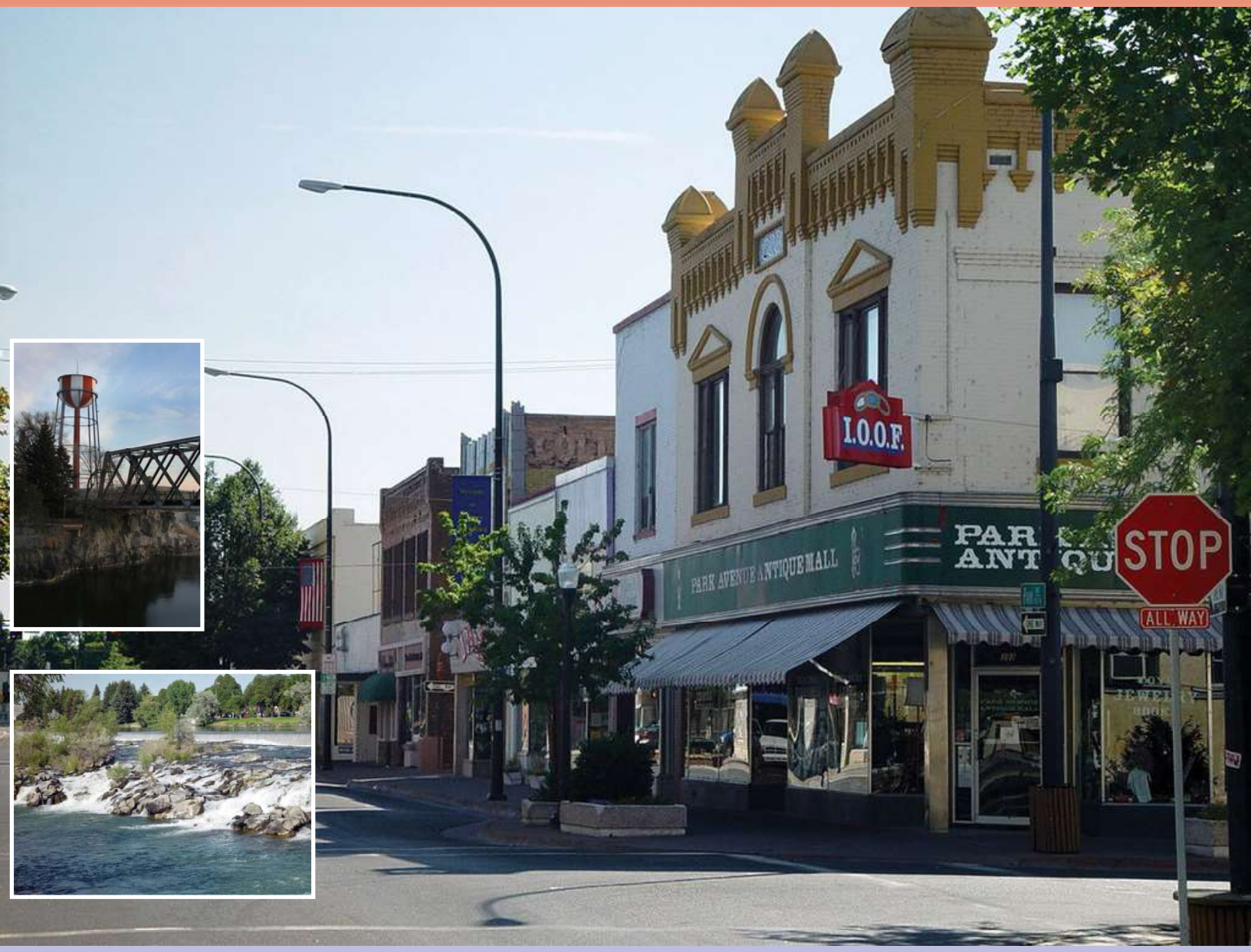
Introductory Section



Idaho Falls

STATE OF IDAHO
OFFICE OF THE STATE CONTROLLER
Brandon D Woolf

December 23, 2016

To: The Citizens, Governor, and Members of the Idaho State Legislature

As the State's Chief Fiscal Officer, I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016, in accordance with Idaho Code Section 67-1001. This report represents Idaho's continued commitment to sound and effective fiscal management and responsible financial reporting based on generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board.

The Office of the State Controller assumes responsibility for both the reliability and completeness of the information presented in this report. Internal controls are designed to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement. I am confident the information presented is accurate in all material respects and fairly sets forth the financial position of state operations based upon the internal control structure established by management.

In accordance with Idaho Code Section 67-702, the Legislative Audit Division of the Idaho Legislature has audited the State's basic financial statements for the fiscal year ended June 30, 2016. Based upon that audit, the independent auditor has issued an unmodified opinion that the State of Idaho's basic financial statements are fairly presented in conformity with GAAP. The Independent Auditor's Report is located at the front of the financial section of this report.

In addition, the Legislative Audit Division conducts statewide audits under the Federal Single Audit Act of 1984 and the Code of Federal Regulations Title 2, *Grants and Agreements*, in order to meet the special needs of federal grantor agencies. Information regarding Idaho's Single Audit is issued in a separate report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report on page 5 and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The intent of this letter of transmittal is to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The State of Idaho was admitted into the Union as the 43rd state in 1890. The State covers 83,557 square miles and has a population of 1.7 million people.

Idaho's government is divided into three branches. The Executive Branch is comprised of the Governor, Lieutenant Governor, Secretary of State, State Controller, State Treasurer, Attorney General, and Superintendent of Public Instruction. The Legislative Branch is comprised of two houses, a 35-member Senate and a 70-member House of Representatives. The Judicial Branch is administered and supervised by the Idaho Supreme Court, which is presided over by a Chief Justice and four Associate Justices.

The State provides services such as education, health and human services, highway maintenance and construction, public safety and correction, natural resource management, and economic development programs. The financial reporting entity includes all funds of the primary government as well as material component units for which the primary government is financially accountable. Additional information on component units can be found in Note 1 to the financial statements.

The annual budgetary process serves as the foundation for the State's financial planning and control. Budgets are annually appropriated for the following governmental funds: general, special revenue, capital projects, and earnings of the permanent funds. The budget is generally appropriated by agency, fund, program, and object. Legal level of budgetary control is maintained at the same level of detail as appropriated. Budgetary controls are incorporated into the Statewide Accounting and Reporting System (STARS) to ensure expenditures do not exceed authorized appropriations. The expenditures of any fiscal year may not exceed anticipated revenues, ensuring a balanced budget. The budgetary process is further described in the note to the budgetary schedule on page 110 and the separately issued Legal Basis Financial Report.

ECONOMIC CONDITION

Financial Policies

Article VII of the Idaho Constitution allows for state revenue generation from a number of sources. This balanced approach to funding essential services allows the State to operate on a sound fiscal basis in a variety of economic conditions. In comparison to some neighboring states that rely primarily upon sales tax or income tax, Idaho derives comparable amounts of its own-source revenues from both sources, ensuring that vital services are less prone to disruption.

Per Idaho Code the State is able to maintain reserves for the purposes of meeting General Fund revenue shortfalls, meeting expenses incurred because of a major disaster, providing tax relief to the citizens of Idaho on a one-time basis, or providing a uniform and thorough system of public education. Overall increases in the reserve funds indicate the State's continued economic stability and growth.

Fund and Idaho Code	FY16 End Balances	Dollar Change
Budget Stabilization (57-814)	$263.3 M	$10.5 M
Economic Recovery (67-3520)	20.1 M	20.0 M
Public Education Stabilization (33-907)	88.6 M	2.4 M
Higher Education Stabilization (33-3726)	3.1 M	0.4 M
Totals	$375.1 M	$33.3 M

State employees are paid biweekly and in most years there are 26 pay periods. In fiscal year 2017 there will be 27 pay periods. This cyclically occurs every 11 years. As a result, the State set aside $20.0 million in the economic recovery fund to cover the additional pay period. Note 14 contains additional detailed information regarding reserve funds.

Economy

Idaho has a dynamic economy whose growth is influenced by many factors. Though expansion of the economy continues, anticipated US GDP growth is weaker than in prior years of the expansion. After posting a strong year in 2015, Idaho's economic growth is predicted to be more robust than that of the nation.

Idaho's food processing sector is a dynamic part of our economy, regularly seeing expansions of existing plants and the opening of new facilities. Fabri-Kal opened a plant in October 2015 to supply cups to the Chobani Greek yogurt plant in South Central Idaho. Additionally, organic food producer Amy's Kitchen and Hearthside Food Solutions have announced plans to expand their operations. Payrolls for this sector are forecasted to grow on average 2.2 percent until the year 2020.

The service sector consists of a wide variety of industries. The health and private education industries are the largest in the service sector in Idaho and are expected to grow on average 3.3 percent through 2020. In the business industry, new and expanding companies include TSheets, Clearwater Analytics, and Kochava, each have established a strong international presence. The business industry is anticipated to grow 2.9 percent through 2020.

Housing starts rose 5 percent last year, but the prediction for 2016 is 24 percent growth. Expected 2016 housing starts is 12,783 and in 2020 the estimate is 14,698. Construction employment is estimated to increase an average of 3.8 percent per year until 2020.

The State's logging and wood products industry is projected to increase alongside the increased number of housing starts. Employment in this industry is expected to grow annually through 2020 adding roughly 900 more jobs than presently available.

Personal Income is expected to rise to $38,995 by the end of 2016, a 1.6 percent increase over 2015. Economists expect personal income to increase to $44,654 by the end of 2020, an annual increase of 3.1 percent.

Long-Term Financial Planning

Indications appear to show a continued upward trend in General Fund revenues. In January 2016 economists projected fiscal year 2017 General Fund receipts to be $3.2 billion; the revised number as of August 2016 projects receipt collection will be $3.3 billion. Revenue forecasts for fiscal year 2017 predict individual income tax collections of $1.6 billion, sales tax collections of $1.4 billion, corporate income tax collections of $202.2 million, and product tax collections of $56.7 million.

In order to improve and maintain the State's system of roads and highways, the Legislature in 2006 authorized the Idaho Transportation Board to issue Grant Anticipation Revenue Vehicle (GARVEE) bonds. The GARVEE program allows the planning, designing, and building of more highway projects in less time than traditional funding methods. To date, $797.0 million has been borrowed from issued bonds.

Major Initiatives

- The Department of Health and Welfare received an appropriation of $2.8 billion in fiscal year 2017, an increase of 5.4 percent from the previous year. Medicaid spending represents 80.2 percent of the Department's total appropriation. Federal funding provided 62.2 percent of the Department's total appropriation. General Fund funding for Medicaid increased 3.4 percent.
- The Public Schools' appropriation is $1.9 billion for fiscal year 2017, a General Fund increase of $108.9 million and a $112.2 million overall increase

from fiscal year 2016. Some of the highlights of the increased appropriation include:

- $41.5 million for teacher compensation
- $27.3 million for operational support
- $9.1 million for early literacy programs

- A total appropriation of $245.1 million for the Department of Correction in fiscal year 2017 is an overall increase of 6.8 percent from the prior year.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Idaho for its CAFR for the fiscal year ended June 30, 2015. This is the 19th consecutive year the State has achieved this prestigious award. To be awarded a Certificate of Achievement, the report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The State Controller's Office is committed to this ongoing effort and intends to maintain a highly qualified and professional staff to make Idaho's certification possible.

The State Controller's Office takes great pride in the preparation of this comprehensive report. I am pleased to recognize the professionalism and dedication demonstrated by financial managers and accountants of the state agencies and component units, along with staff within the State Controller's Office. In addition, the auditing staff of the Legislative Services Office must be recognized for their independence, dedication, and professionalism. Credit must also be given to Governor Otter and other state leaders for their dedication towards the management of Idaho's finances.

Respectfully submitted,

Brandon D Woolf
Idaho State Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Idaho

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

State Government Organization
IDAHO

Citizens of Idaho

LEGISLATIVE BRANCH
- Senate
- House of Representatives
- Legislative Services

EXECUTIVE BRANCH
- Governor
- Lieutenant Governor
- Attorney General
- Secretary of State
- State Controller
- State Treasurer
- Superintendent of Public Instruction

JUDICIAL BRANCH
- Supreme Court
- Court of Appeals
- District Court
- Magistrate Court

State Entities by Function

General Government
- Board of Tax Appeals
- Commissions:
  - Aging
  - Arts
  - Blind and Visually Impaired
  - Idaho Code
  - Tax
  - Uniform Laws
- Department of Administration
- Divisions of:
  - Financial Management
  - Human Resources
  - Liquor
  - Military
- Offices of:
  - Drug Policy
  - Performance Evaluations
  - Species Conservation
- Public Employee Retirement System
- State Bar
- State Building Authority
- STEM Action Center

Education
- Boise State University
- Division of Professional-Technical Education
- Eastern Idaho Technical College
- Idaho State University
- Lewis-Clark State College
- Public Broadcasting
- State Board of Education
- University of Idaho
- Vocational Rehabilitation

Public Safety
- Brand Inspector
- Commissions:
  - Pardons and Parole
  - Racing
- Correctional Industries
- Departments of:
  - Correction
  - Juvenile Corrections
- Idaho State Police

Natural Resources
- Departments of:
  - Environmental Quality
  - Fish and Game
  - Lands
  - Parks and Recreation
  - Water Resources
- Endowment Fund Investment Board
- Lava Hot Springs Foundation
- Office of Energy Resources
- Wolf Control Board

Health and Human Services
- Catastrophic Health Care
- Department of Health and Welfare

Economic Development
- Appellate Public Defender
- Boards of:
  - Accountancy
  - Dentistry
  - Engineers and Surveyors
  - Medicine
  - Nursing
  - Outfitters and Guides
  - Pharmacy
  - Veterinary Medicine
- Bureau of Occupational Licenses
- Commissions:
  - Dairy Products
  - Hispanic Affairs
  - Industrial
  - Libraries
  - Potato
  - Public Defense
  - Public Utilities
  - Real Estate
  - Soil and Water Conservation
  - Wheat
- Departments of:
  - Agriculture
  - Commerce
  - Finance
  - Insurance
  - Labor
  - Transportation
- Divisions of:
  - Building Safety
  - Veterans Services
- Idaho State Lottery
- State Historical Society

Statewide Elected Officials
IDAHO

C.L. "Butch" Otter
Governor

Lawerence Denney
Secretary of State

Brandon D Woolf
State Controller

Brad Little
Lieutenant Governor

Ron G. Crane
State Treasurer

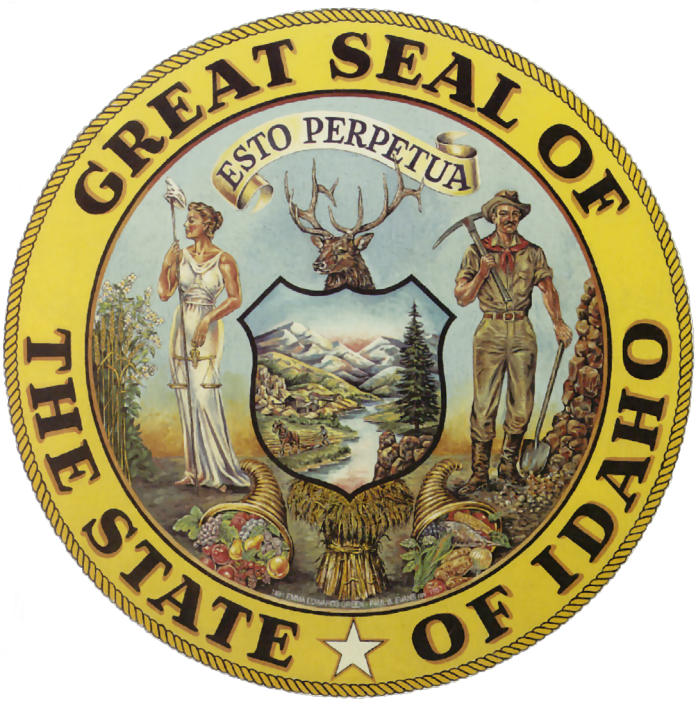
Lawrence G. Wasden
Attorney General

Sherri Ybarra
Superintendent of Public Instruction

Scott Bedke
Speaker, Idaho House of Representatives

Jim Jones
Chief Justice, Idaho Supreme Court

Brent Hill
President Pro Tempore, Idaho State Senate


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

Financial Section

Ketchum

Legislative Services Office
Idaho State Legislature

Serving Idaho's Citizen Legislature

Eric Milstead
Director

December 23, 2016 Independent Auditor's Report

Honorable C.L. "Butch" Otter, Governor
Honorable Members of the Legislature
Honorable Brandon D. Woolf, State Controller

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Boise State University, Eastern Idaho Technical College, Idaho State University, Lewis-Clark State College, University of Idaho and their respective component units, nor the Idaho Potato Commission, Idaho Dairy Products Commission, Idaho State Bar, Idaho Wheat Commission, Endowment Fund Investment Board, State Lottery Commission, Public Employee Retirement System of Idaho, Public Employees' Deferred Compensation Plan, IDeal Idaho College Savings Program, Idaho Individual High Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, Idaho Health Insurance Exchange, State of Idaho Idle Pool, Local Government Investment Pool, Diversified Bond Fund, Idaho Building Authority, Bond Bank Authority, and the Idaho Housing and Finance Association (including The Housing Company, a discretely presented component unit of the Idaho Housing and Finance Association), which represent total assets and revenues of the government-wide financial statements and total assets and revenues of the fund financial statements as follows:

Opinion Unit	Percent of Assets	Percent of Revenues
Governmental Activities	35.9%	2.0%
Business-Type Activities	69.5%	70.2%
Aggregate Discretely Presented Component Units	98.7%	99.1%
General Fund	65.4%	0.0%
Health and Welfare Fund	13.6%	0.0%
Transportation Fund	70.6%	0.5%
Land Endowments Fund	98.27%	99.8%
College and University Fund	100.0%	100.0%
Unemployment Compensation Fund	26.1%	2.3%
Loan Fund	30.4%	11.6%
Aggregate Remaining Fund Information	96.9%	80.0%

Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those agencies and component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Boise State University Foundation, Eastern Idaho Technical College Foundation, Idaho State University, Idaho State University Foundation, and the Public Employees' Deferred Compensation Plan were not audited in accordance with *Government Auditing Standards*, and accordingly, are not covered by our report in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Idaho's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the State of Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Idaho's internal control over financial reporting and compliance.

Sincerely,

April Renfro, CPA, Manager
Legislative Services Office, Audits Division

INTRODUCTION

This section of the State's annual financial report presents our discussion and analysis of the State's financial performance during the fiscal year that ended June 30, 2016. Please read it in conjunction with the transmittal letter, which can be found on page vi of the Introductory Section and the financial statements beginning on page 14.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements, which include the following three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this financial report includes required supplementary information and other supplementary information.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities, which provide information about the State as a whole and present a long-term view of the State's finances using accounting methods similar to those used in the private sector. The statements are prepared using the economic resources measurement focus and accrual basis of accounting, under which the current year's revenues and expenses are recorded as transactions occur rather than when cash is received or paid.

The *Statement of Net Position* reports all of the State's assets plus deferred outflows of resources minus liabilities and deferred inflows of resources, with the remainder reported as net position. Over time, increases or decreases in the State's net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The *Statement of Activities* presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This Statement reports expenses and revenues in a format that focuses on the net cost of each function, allowing you to see which state functions *draw* upon the general revenues of the State and which functions *contribute* to the general revenues of the State.

The government-wide financial statements are divided into the following three categories:

Governmental activities encompass most of the State's basic services such as general government, public safety and correction, health and human services, education, economic development, and natural resources. Taxes and federal grants are the major funding sources for most of these activities.

Business-type activities account for operations that function in a manner similar to a private business, where all or a significant portion of costs are recovered through user fees and charges to external customers. These activities primarily include higher education, unemployment benefit payments, loans to cities and counties to make improvements to wastewater and drinking water systems, and lottery and liquor sales.

Discretely presented component units are organizations legally separate yet financially accountable to the State. Discretely presented component units include the Idaho Housing and Finance Association, the college and university foundations, the Petroleum Clean Water Trust Fund, the Idaho Individual High Risk Reinsurance Pool, the Idaho Small Employer Health Reinsurance Program, the Idaho Bond Bank Authority, and the Idaho Health Insurance Exchange.

Fund Financial Statements

The fund financial statements provide detailed information about the State's most significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Fund accounting is used to demonstrate compliance with finance-related legal requirements. The State's funds are divided into the following three categories:

Governmental funds account for most of the State's basic services and provide a detailed short-term view of the State's general government operations. They account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the fund financial statements focus on near-term inflows and outflows of resources, as well as on balances available at the end of the fiscal year that are available for future spending. Such information may be useful in evaluating the State's near-term financial position. This approach is known as using the current financial resources measurement focus and the modified accrual basis of accounting. Governmental funds include the General Fund, special revenue funds, permanent funds, and capital projects funds.

Two schedules in the governmental fund financial statements (pages 21 and 25) reconcile the amounts reported on the governmental fund financial statements

(short-term focus) with governmental activities and balances reported on the appropriate government-wide statements (long-term focus). Comparing the information presented for governmental funds with similar information presented in the government-wide financial statements may provide a better understanding of the long-term impact of the State's near-term financing decisions.

Proprietary funds account for activities similar to for-profit enterprises, where the determination of net income is necessary for sound financial administration. Proprietary funds include enterprise and internal service funds. Enterprise funds report activities that provide supplies or services to the general public; internal service funds report activities that provide supplies or services to other funds or departments of the primary government. Internal service funds are reported as governmental activities on the government-wide statements since their services primarily benefit the State. Proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail. As in the government-wide statements, proprietary fund financial statements use the accrual basis of accounting.

Fiduciary funds account for resources held for the benefit of parties outside the State. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the State's programs. These funds are reported using the accrual basis of accounting.

Notes to the Financial Statements

The notes to the financial statements (beginning on page 38) provide additional information that is essential to an understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The notes to the financial statements are followed by required supplementary information that further supports the information in the financial statements. The Required Supplementary Information section begins on page 108 and includes the following:

- Budgetary comparison schedules and note disclosure that show how the General, Health and Welfare, and Transportation funds presented in the governmental fund financial statements reconcile to the legally adopted budget
- Condition and maintenance data regarding the State's infrastructure reported using the modified approach
- Schedules of funding progress, employer contributions, and actuarial information related to the State's obligation to provide pension and postemployment benefits to certain employees

Other Supplementary Information

Combining financial statements, starting on page 119, are presented to provide more detail for nonmajor special revenue, capital projects, proprietary, and fiduciary funds. The total columns of these combining financial statements agree with the applicable combined fund financial statement.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

Net position measures the difference between assets and deferred outflows of resources versus liabilities and deferred inflows of resources. Net position may serve over time as a useful indicator of the State's financial position. The State's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $12.1 billion for the most recent fiscal year.

The State's combined net position increased $404.1 million over the course of this fiscal year's operations. Net position of governmental activities increased $258.4 million and business-type activities' net position increased $145.7 million. Net position changes between the current and prior year are described in the governmental activities and business-type activities sections on page 9.

Net Position
June 30, 2016 and 2015
(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	**2015***	**2016**	**2015**	**2016**	**2015***
Assets						
Current and Other Assets	$ 5,438,758	$ 5,365,556	$ 1,917,266	$ 1,895,441	$ 7,356,024	$ 7,260,997
Capital Assets	6,555,114	6,428,108	1,196,983	1,175,866	7,752,097	7,603,974
Total Assets	**11,993,872**	**11,793,664**	**3,114,249**	**3,071,307**	**15,108,121**	**14,864,971**
Deferred Outflows of Resources	208,755	94,093	48,526	23,756	257,281	117,849
Total Assets and Deferred Outflows of Resources	**12,202,627**	**11,887,757**	**3,162,775**	**3,095,063**	**15,365,402**	**14,982,820**
Liabilities						
Other Liabilities	1,001,014	1,018,988	143,863	177,202	1,144,877	1,196,190
Long-Term Liabilities	1,332,180	1,236,309	571,600	609,102	1,903,780	1,845,411
Total Liabilities	**2,333,194**	**2,255,297**	**715,463**	**786,304**	**3,048,657**	**3,041,601**
Deferred Inflows of Resources	193,379	214,823	37,820	44,929	231,199	259,752
Total Liabilities and Deferred Inflows of Resources	**2,526,573**	**2,470,120**	**753,283**	**831,233**	**3,279,856**	**3,301,353**
Net Position:						
Net Investment in Capital Assets	5,802,364	5,638,703	755,531	749,873	6,557,895	6,388,576
Restricted	3,022,924	2,885,392	1,350,136	1,222,537	4,373,060	4,107,929
Unrestricted	850,766	893,542	303,825	291,420	1,154,591	1,184,962
Total Net Position	**$ 9,676,054**	**$ 9,417,637**	**$ 2,409,492**	**$ 2,263,830**	**$ 12,085,546**	**$ 11,681,467**

*Amounts in these columns have been restated. More detailed information regarding net position can be found in Note 14.

The largest component of the State's net position, 54 percent ($6.6 billion), reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, equipment, software, and capital assets in progress), net of accumulated depreciation and less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens. These assets are not available for future spending.

Restricted net position is the next largest component, comprising 36 percent ($4.4 billion). These resources are not available for general use due to restrictions placed on them by external parties such as creditors, grantors, or contributors; or by state law through constitutional provisions or enabling legislation.

The remaining 10 percent ($1.2 billion) of net position represents unrestricted net position, which may be used at the State's discretion but often has limitations on use based on state statutes.

At the end of the current fiscal year, the State reported positive balances in all three categories of net position for the State as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Change in Net Position

Over time, increases or decreases in the State's net position are an indicator of whether its financial health is improving or deteriorating. The following condensed financial information was derived from the current and prior year government-wide Statement of Activities and reflects how the State's net position changed during the fiscal year:

Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015
(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percent
	2016	2015*	2016	2015	2016	2015*	Change
Revenues							
Program Revenues							
Charges for Services	$ 783,468	$ 952,838	$ 1,129,831	$ 1,100,517	$ 1,913,299	$ 2,053,355	(6.8)
Operating Grants and Contributions	2,676,844	2,851,144	291,830	282,646	2,968,674	3,133,790	(5.3)
Capital Grants and Contributions	11,021	2,832	17,200	16,776	28,221	19,608	43.9
General Revenues							
Sales Tax	1,580,542	1,444,781			1,580,542	1,444,781	9.4
Individual and Corporate Taxes	1,518,740	1,686,455			1,518,740	1,686,455	(9.9)
Other Taxes	587,288	464,268			587,288	464,268	26.5
Other	44,032	34,635			44,032	34,635	27.1
Total Revenues	7,201,935	7,436,953	1,438,861	1,399,939	8,640,796	8,836,892	(2.2)
Expenses							
General Government	487,106	548,518			487,106	548,518	(11.2)
Public Safety and Correction	398,539	387,694			398,539	387,694	2.8
Health and Human Services	2,697,376	2,751,283			2,697,376	2,751,283	(2.0)
Education	1,955,642	1,845,144			1,955,642	1,845,144	6.0
Economic Development	847,761	761,384			847,761	761,384	11.3
Natural Resources	278,100	269,706			278,100	269,706	3.1
Interest Expense	45,271	46,860			45,271	46,860	(3.4)
College and University			1,063,222	1,015,707	1,063,222	1,015,707	4.7
Unemployment Compensation			108,187	110,597	108,187	110,597	(2.2)
Loan			7,537	9,604	7,537	9,604	(21.5)
State Lottery			185,115	165,445	185,115	165,445	11.9
State Liquor			153,901	143,469	153,901	143,469	7.3
Correctional Industries			8,960	8,155	8,960	8,155	9.9
Total Expenses	6,709,795	6,610,589	1,526,922	1,452,977	8,236,717	8,063,566	2.1
Increase (Decrease) in Net Position before Transfers	492,140	826,364	(88,061)	(53,038)	404,079	773,326	(47.7)
Transfers	(233,723)	(213,696)	233,723	213,696			
Change in Net Position	258,417	612,668	145,662	160,658	404,079	773,326	(47.7)
Net Position, Beginning of Year, as Restated	9,417,637	8,804,969	2,263,830	2,103,172	11,681,467	10,908,141	7.1
Net Position, End of Year	**$ 9,676,054**	**$ 9,417,637**	**$ 2,409,492**	**$ 2,263,830**	**$ 12,085,546**	**$ 11,681,467**	3.5

*Amounts in these columns have been restated.
The Total Percent Change column shows the percentage change in operation from fiscal year 2015 to 2016 for each line item. Readers should be cautious when using this column to evaluate the overall change in net position. Although a line may show a large percentage change (e.g., 21.5 percent decrease for Loan of $2.1 million), it may not have as significant of an effect on the overall change in net position as a change in a more material line item with a smaller percentage change (e.g., 2 percent decrease for Health and Human Services of $53.9 million).

Governmental Activities

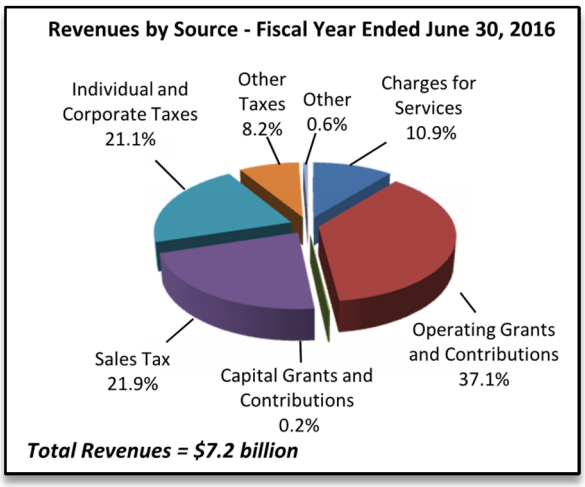
Revenues

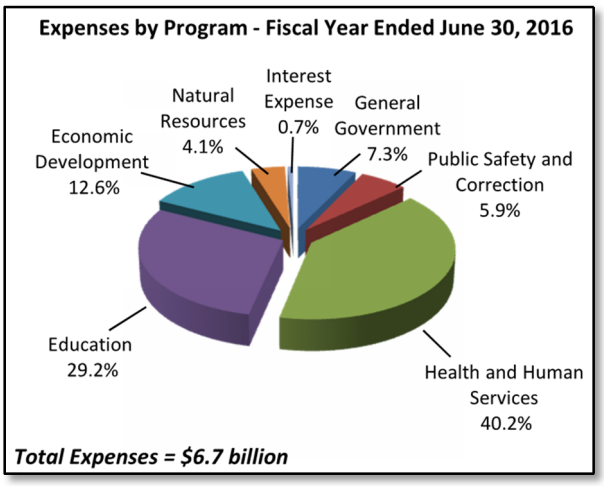
The overall financial position for Governmental Activities improved during the fiscal year, as evidenced by the 2.7 percent ($258.4 million) increase in net position. Revenues continued to outpace expenses. However, the State experienced varied results in revenue collections. Sales tax revenue improved 9.4 percent ($135.8 million), and miscellaneous tax revenue rose 26.5 percent ($123.0 million). The State also experienced significant categorical revenue decreases. Revenue from charges for services fell 17.8 percent ($169.4 million) after the prior year 36 percent improvement. Last year's improvement, in part, came as a result of a $108.0 million building transfer from the Idaho State Building Authority to the Idaho Department of Administration. Also in 2015, the State received a significant amount of revenue from court settlements. Operating grant revenue decreased 6.1 percent ($174.3 million), primarily due to decreased federal highway funds, slippages in the fair market value of Endowment Fund Investment Board investments, and decreased health and human services grant revenue due to the timing of federal reimbursements for expenses. Additionally, individual and corporate income taxes revenue decreased 9.9 percent ($167.7 million).

Expenses

Overall expenses for the State increased 1.5 percent. However, just as revenue collection results varied widely, so did increases and decreases in expenses in the various state service categories. General government expenses decreased 11.2 percent ($61.4 million); in 2015 the State recognized a $108.0 million building transfer from the Idaho State Building Authority to the Idaho Department of Administration. Health and human services experienced a 2 percent ($53.9 million) decrease from the prior year due to a drop in medical assistance payments for Medicaid and rehabilitation services. Additionally, expenses increased in education by 6 percent ($110.5 million) primarily due to a second consecutive-year increase in the distribution of public school funds. Finally, economic development expenses rose 11.3 percent ($86.4 million); the increased number of state and local highway infrastructure improvements was the primary contributor to the rise.

The following charts depict revenues and expenses of the governmental activities:


Revenues by Source - Fiscal Year Ended June 30, 2016
Individual and Corporate Taxes 21.1%
Other Taxes 8.2%
Other 0.6%
Charges for Services 10.9%
Operating Grants and Contributions 37.1%
Capital Grants and Contributions 0.2%
Sales Tax 21.9%
Total Revenues = $7.2 billion

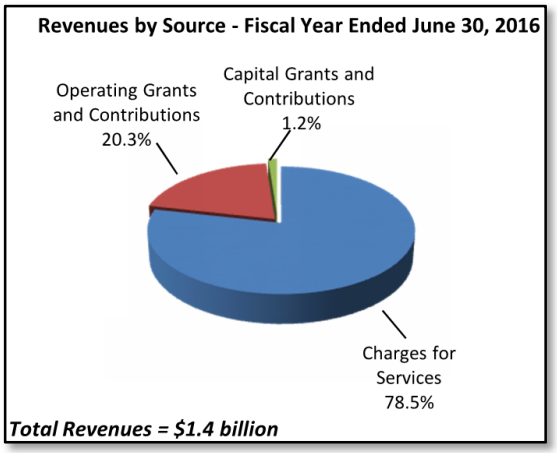

Expenses by Program - Fiscal Year Ended June 30, 2016
Economic Development 12.6%
Natural Resources 4.1%
Interest Expense 0.7%
General Government 7.3%
Public Safety and Correction 5.9%
Education 29.2%
Health and Human Services 40.2%
Total Expenses = $6.7 billion

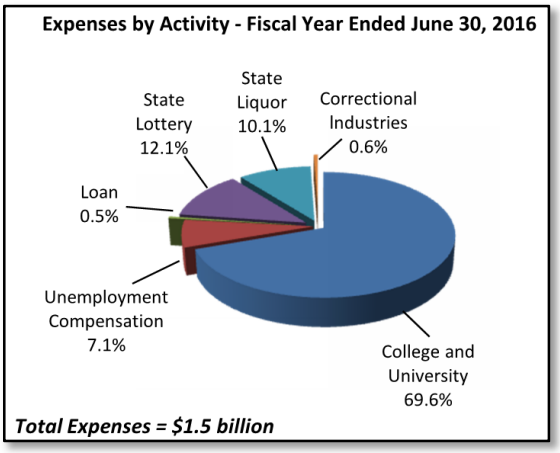
Business-Type Activities

Business-type activities' net position increased by 6.4 percent ($145.7 million) during the fiscal year. The largest changes were seen in the following funds:

- The College and University fund net position increased by 3.2 percent ($33.3 million) from the prior year to $1.1 billion. Operating expenses grew $49.3 million mainly due to a $39.1 million uptick in wage and salary costs.
- Nonmajor Enterprise funds net position improved 13.4 percent ($8.6 million) primarily in consequence of increased lottery ticket and liquor sales.

The following charts depict revenues and expenses of the business-type activities:


Revenues by Source - Fiscal Year Ended June 30, 2016
Operating Grants and Contributions 20.3%
Capital Grants and Contributions 1.2%
Charges for Services 78.5%
Total Revenues = $1.4 billion


Expenses by Activity - Fiscal Year Ended June 30, 2016
State Lottery 12.1%
State Liquor 10.1%
Correctional Industries 0.6%
Loan 0.5%
Unemployment Compensation 7.1%
College and University 69.6%
Total Expenses = $1.5 billion

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

At the close of the fiscal year, the State's governmental funds reported combined ending fund balances of $4 billion, an increase of $258.2 million in comparison with fiscal year 2015. The governmental fund balance is classified as follows:

- *Nonspendable* either due to its form or legal constraints such as permanent trusts: $1.4 billion (35.9 percent)
- *Restricted* for a specific purpose either by creditors, grantors, constitutional provisions, or enabling legislation: $1.5 billion (37.4 percent)
- *Committed* for specific purposes by the Legislature or for satisfying contractual requirements: $419.9 million (10.4 percent)
- *Assigned* for a specific purpose as that intent is expressed by the Legislature or a governing body or official to whom the Legislature has delegated the authority: $113.1 million (2.8 percent)
- *Unassigned* is the General Fund balance that has not been designated for another fund and that has not been restricted, committed, or assigned to a specific purpose within the General Fund: $543.7 million (13.5 percent)

Changes in the fund balance noted above are described by major fund type as follows:

- The General Fund is the chief operating fund of the State. During the fiscal year the fund balance increased 11.5 percent ($134.1 million) primarily due to a 117.3 million sales tax revenue increase.
- The Health and Welfare fund balance increased 57.4 percent ($6.1 million) during the fiscal year. The primary driver of the fund balance improvement was an appreciable increase in Federal government Medicaid reimbursements to the State.
- In 2015, the Idaho Legislature passed House Bill 312 for the distinct purpose of raising additional funds to be used exclusively for maintenance of bridges and roads and replacement projects at the state and local levels. This bill mandates increases to personal and commercial vehicle registration fees and the motor fuels tax rate. The Transportation fund balance increased 33.6 percent ($88.1 million) during the fiscal year primarily due to a significant increase in fuels tax and vehicle registration fees revenue; $41.4 million of the collected vehicle registration fees and fuels tax collections were distributed to local governments.
- The Land Endowments fund balance increased 1 percent ($14.8 million) from the prior year primarily due to ongoing sales of cabin sites on endowment land.
- The Nonmajor Governmental fund balance increased 3 percent ($15.1 million) during the fiscal year. A substantial decrease in capital outlay expenditures contributed to the net position gain.

Proprietary Funds

Proprietary funds provide the same type of information found in the Business-Type Activities columns of the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

The State does not adopt a revenue budget; therefore, the Budgetary Comparison Schedule reflects budgeted revenues as being equal to actual revenues. General Fund revenues for the fiscal year ended on a strong note coming in at $3.8 billion. Most of the General Fund revenue comes from various types of tax collections; these collections increased 4.2 percent over 2015. The sum of the collections increase was very close to the 4.1 percent projected growth. However, results were mixed for the five collection categories. Individual income tax receipts ($1.5 billion) were 1 percent ($10.7 million) below forecast. Corporate income tax revenue collections ($186.9 million) fared even worse at $29.6 million below forecast. On the surplus side, sales tax revenue of $1.3 billion exceeded expectations by 1.9 percent ($24 million), as did miscellaneous revenue coming in 13.6 percent ($15.4 million) higher, and product tax revenue at 2.2 percent ($1.1 million) higher. The cash balance carried over into fiscal year 2016 was $11.6 million. Overall, General Fund receipts were $142.2 million more in fiscal year 2016 than in fiscal year 2015.

The original expenditures budget amount on the Budgetary Comparison Schedule represents the original appropriation, prior year reappropriations, and continuous appropriations. The final budget amount includes the original budget plus supplemental (positive or negative) appropriations, Governor's holdbacks, Board of Examiners reductions, object transfers, activity transfers, and receipts to the appropriation. The variance between the final budget and actual spending was a favorable $184.4 million (5.3 percent). The natural resources function within the General Fund reported a negative variance of $32.3 million stemming from fire suppression deficiency warrants. This deficit is allowed by statute and will be funded with future appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2016 the State had $7.8 billion (net of accumulated depreciation) invested in a broad range of capital assets, as can be seen in the table below. Depreciation expense for this fiscal year totaled $172.4 million.

Capital Assets as of June 30, 2016 and 2015
(Net of depreciation, dollars in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015*	2016	2015	2016	2015*
Land and Land Use Rights	$ 1,085,831	$ 1,075,249	$ 129,861	$ 128,816	$ 1,215,692	$ 1,204,065
Capital Assets in Progress	1,046,909	940,527	45,325	21,084	1,092,234	961,611
Infrastructure--not Depreciated	2,695,596	2,654,013			2,695,596	2,654,013
Historial Art and Collections	122	122	2,396	2,348	2,518	2,470
Buildings and Improvements	585,074	595,148	883,915	888,356	1,468,989	1,483,504
Improvements Other Than Buildings	66,742	66,673	29,234	31,037	95,976	97,710
Machinery, Equipment, and Other	246,416	251,372	106,252	104,225	352,668	355,597
Infrastructure--Depreciated	828,424	844,650			828,424	844,650
Total	**$ 6,555,114**	**$ 6,427,754**	**$ 1,196,983**	**$ 1,175,866**	**$ 7,752,097**	**$ 7,603,620**

*These columns have been restated. More detailed information can be found in Note 6.

This year's major capital asset additions include $194.2 million spent for infrastructure assets, which includes capital assets in progress ($145.1 million), roadways ($45.3 million), and rights-of-way ($3.6 million).

The State uses the traditional method of depreciation for its 1,824 bridges and 41 rest areas or ports of entry. The State adopted the modified approach for reporting roads. Under this alternative method certain maintenance and preservation costs are expensed, and depreciation expense is not reported. Approximately 12,271 lane miles of roads are accounted for under the modified approach. The State manages its roadway network using its Pavement Management System to monitor road surface condition. The roadway surface condition is determined using three pavement condition data elements: international roughness index, rutting depth, and pavement distress (cracking). Roadway surface is categorized as good, fair, poor, or very poor. The State's established condition level is to have no more than 30 percent of pavement in poor or very poor condition. The latest condition assessment rating showed that the State had 16.1 percent of its road surfaces in poor or very poor condition. During fiscal year 2016 the State spent $73.5 million to maintain Idaho's

road surfaces. This amount is 34.1 percent ($38.0 million) less than the estimated amount of $111.5 million required to maintain Idaho's road surfaces. More detailed information about the State's capital assets is presented in Notes 1 and 6 to the financial statements and in the Required Supplementary Information.

Long-Term Debt

Article VIII Section 1 of the Idaho Constitution, amended in 1998, specifies that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then approved by the people at a general election. This does not apply to liabilities incurred for ordinary operating expenses, nor debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law, and which have no power to levy taxes or obligate the General Fund of the State, are not debts or liabilities of the State.

Idaho Code Title 40 addresses the increasing need for timely improvements to Idaho's highway infrastructure. The Idaho Transportation Board, with the approval of the Legislature, can approve debt financing for transportation infrastructure projects utilizing future federal-aid highway revenues. Opinions have been received from the Office of the Attorney General, based on the Idaho Supreme Court decision in *Ada County v. Wright*, to the effect that this procedure does not create a liability of the State in violation of the Idaho Constitution.

New debt resulted from the Idaho Transportation Department issuing $12.3 million in notes payable for highway projects.

Moody's Investors Service has assigned the State of Idaho an issuer rating of Aa1 with a stable outlook. Idaho currently has no general obligation debt outstanding. The State's Tax Anticipation Notes, which carry the faith and credit pledge of the State, are rated MIG 1. The rating for the state building revenue bonds issued by the Idaho State Building Authority is rated Aa2, with a stable outlook. More detailed information about the State's long-term debt is presented in Notes 1 and 13 to the financial statements.

ECONOMIC FACTS AND NEXT YEAR'S BUDGET

Idaho's unemployment rate dropped another four-tenths since last year's report to 3.8 percent in September 2016. The State's labor force grew significantly over the last year from 800,600 in September 2015 to 813,400 in September 2016. The national unemployment rate in September was 5 percent. Idaho's rate has remained below the national rate for 15 years. Total state employment in September was 782,300, up from 767,400 in 2015.

Revenue projections for fiscal year 2017 represent the sixth consecutive year of economic growth in the state. Fiscal year 2017 General Fund revenues are expected to grow 5 percent ($158.8 million).

The overall General Fund budget for fiscal year 2017 is $3.3 billion (6.5 percent increase). Medicaid received $519.6 million (3.4 percent increase); and corrections received $215.2 million (3.7 percent increase). The Legislature approved an ongoing 3 percent merit-based salary increase for state employees. The State's cash reserves increased $33.3 million during fiscal year 2016.

Finally, the Legislature moved aggressively for the second consecutive year to bolster the State's public education system. The Legislature approved the following General Fund appropriation increases related to education:

- Public schools (K-12): 7.4 percent ($108.9 million)
- Colleges and universities: 8 percent ($20.8 million)
- Community colleges: 8.7 percent ($3.0 million)
- Career technical education: 10.4 percent ($5.9 million)
- Science, technology, engineering, and math (STEM) programs: 342.3 percent ($1.9 million)

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, the Legislature, investors, and creditors with a general overview of the State's finances and to show the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Office of the State Controller
700 West State Street, P.O. Box 83720
Boise, Idaho 83720-0011
(208) 334-3150, cafr@sco.idaho.gov

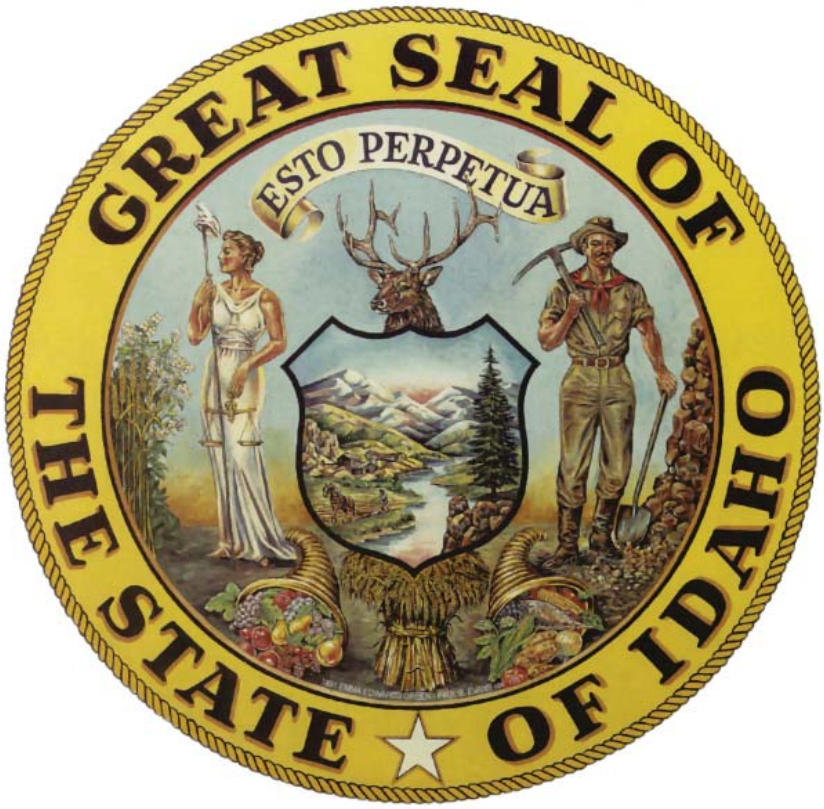
Basic Financial Statements

Coeur d'Alene

Statement of Net Position
June 30, 2016
(dollars in thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 8,054	$ 545,180	$ 553,234	$ 37,225
Pooled Cash and Investments	1,872,613	200,789	2,073,402	1,487
Investments	2,071,003	397,354	2,468,357	457,596
Accounts Receivable, Net	101,675	132,742	234,417	23,912
Taxes Receivable, Net	499,677		499,677	
Internal Balances	10,448	(10,448)		
Due from Other Entities	303,914		303,914	2,148
Inventories and Prepaid Items	60,996	30,156	91,152	720
Due from Primary Government				639,782
Due from Component Unit		1,486	1,486	
Loans, Notes, and Pledges Receivable, Net	8,731	384,652	393,383	1,038,978
Other Assets	20,357	11,936	32,293	8,212
Restricted Assets:				
Cash and Cash Equivalents	121,619	105,434	227,053	195,269
Investments	359,671	117,985	477,656	284,459
Capital Assets:				
Nondepreciable	4,828,458	177,582	5,006,040	21,821
Depreciable, Net	1,726,656	1,019,401	2,746,057	63,465
Total Assets	11,993,872	3,114,249	15,108,121	2,775,074
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	208,755	48,526	257,281	72,287
Total Assets and Deferred Outflows of Resources	$ 12,202,627	$ 3,162,775	$ 15,365,402	$ 2,847,361
LIABILITIES				
Accounts Payable	$ 585,495	$ 31,820	$ 617,315	$ 6,226
Payroll and Related Liabilities	56,879	44,344	101,223	891
Medicaid Payable	129,346		129,346	
Due to Other Entities	100,965	7,130	108,095	
Unearned Revenue	49,175	41,590	90,765	7,358
Amounts Held in Trust for Others	32,662	4,516	37,178	67,867
Due to Primary Government				13,921
Due to Component Unit		168	168	
Other Accrued Liabilities	46,492	14,295	60,787	213,182
Long-Term Liabilities:				
Due Within One Year	240,953	41,323	282,276	286,607
Due in More Than One Year	1,091,227	530,277	1,621,504	1,385,414
Total Liabilities	2,333,194	715,463	3,048,657	1,981,466
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	193,379	37,820	231,199	
NET POSITION				
Net Investment in Capital Assets	5,802,364	755,531	6,557,895	42,617
Restricted for:				
Claims and Judgments	36,240		36,240	
Debt Service	4,657		4,657	135,356
Transportation	347,098		347,098	
Regulatory	85,734		85,734	
Natural Resources and Recreation	220,834	529,216	750,050	
Unemployment Compensation		700,344	700,344	
Permanent Trust - Expendable	476,691	60,263	536,954	148,810
Permanent Trust - Nonexpendable	1,646,215		1,646,215	345,099
Other Purposes	205,455	60,313	265,768	144,047
Unrestricted	850,766	303,825	1,154,591	49,966
Total Net Position	9,676,054	2,409,492	12,085,546	865,895
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 12,202,627	$ 3,162,775	$ 15,365,402	$ 2,847,361

The accompanying notes are an integral part of the financial statements.


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

Statement of Activities
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS				
Primary Government				
Governmental Activities				
General Government	$ 487,106	$ 82,079	$ 68,707	
Public Safety and Correction	398,539	48,417	9,702	$ 36
Health and Human Services	2,697,376	121,061	1,864,198	
Education	1,955,642	17,335	257,925	218
Economic Development	847,761	323,249	392,069	2,933
Natural Resources	278,100	191,327	84,243	7,834
Interest Expense	45,271			
Total Governmental Activities	6,709,795	783,468	2,676,844	11,021
Business-Type Activities				
College and University	1,063,222	491,169	274,858	17,200
Unemployment Compensation	108,187	189,219	3,918	
Loan	7,537	15,310	13,054	
State Lottery	185,115	236,819		
State Liquor	153,901	187,728		
Correctional Industries	8,960	9,586		
Total Business-Type Activities	1,526,922	1,129,831	291,830	17,200
Total Primary Government	$ 8,236,717	$ 1,913,299	$ 2,968,674	$ 28,221
Component Units				
Idaho Housing and Finance Association	$ 175,644	$ 139,570	$ 45,720	
College and University Foundation	56,921	4,600	70,802	
Petroleum Clean Water Trust	2,542	2,728		
Health Reinsurance	1,638	6,748		
Bond Bank Authority	13,352	14,071		
Health Insurance Exchange	22,604	6,043	14,447	
Total Component Units	$ 272,701	$ 173,760	$ 130,969	$ 0

GENERAL REVENUES
- Sales Tax
- Individual and Corporate Taxes
- Fuel Tax
- Other Taxes
- Tobacco Settlement
- Unrestricted Investment Earnings
- Payments from State of Idaho

Permanent Endowment Contributions
Transfers
Total General Revenues, Contributions, and Transfers
Change in Net Position
Net Position - Beginning of Year, as Restated
Net Position - End of Year

The accompanying notes are an integral part of the financial statements.

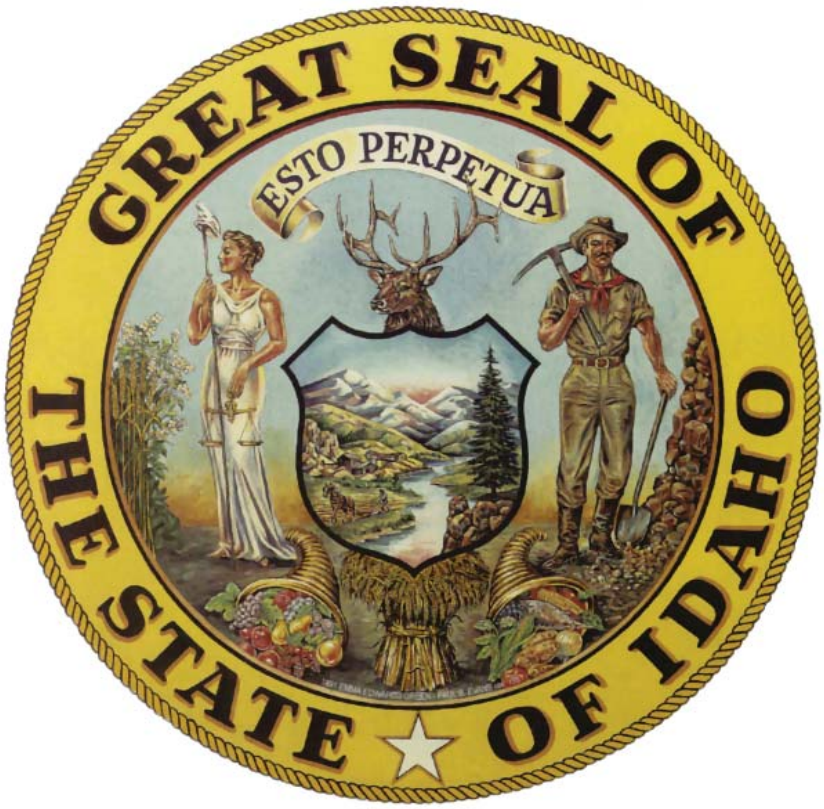
Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (336,320)		$ (336,320)	
(340,384)		(340,384)	
(712,117)		(712,117)	
(1,680,164)		(1,680,164)	
(129,510)		(129,510)	
5,304		5,304	
(45,271)		(45,271)	
(3,238,462)		(3,238,462)	
	$ (279,995)	(279,995)	
	84,950	84,950	
	20,827	20,827	
	51,704	51,704	
	33,827	33,827	
	626	626	
	(88,061)	(88,061)	
(3,238,462)	(88,061)	(3,326,523)	
			$ 9,646
			18,481
			186
			5,110
			719
			(2,114)
			32,028
1,580,542		1,580,542	
1,518,740		1,518,740	
357,858		357,858	
229,430		229,430	
25,297		25,297	
18,735		18,735	
(233,723)	233,723		
3,496,879	233,723	3,730,602	
258,417	145,662	404,079	32,028
9,417,637	2,263,830	11,681,467	833,867
$ 9,676,054	$ 2,409,492	$ 12,085,546	$ 865,895

Balance Sheet
Governmental Funds
June 30, 2016
(dollars in thousands)

	General	Health and Welfare	Transportation
ASSETS			
Cash and Cash Equivalents	$ 90		$ 6
Pooled Cash and Investments	1,304,995	$ 26,492	179,323
Investments	32,236		112,294
Accounts Receivable, Net	25,102	31,342	14,543
Taxes Receivable, Net	437,419	185	55,506
Interfund Receivables	7,338	13	45
Due from Other Entities		217,477	27,207
Inventories and Prepaid Items	10,530	9,036	21,041
Loans, Notes, and Pledges Receivable, Net	4,879		316
Other Assets	1,597	79	889
Restricted Assets:			
Cash and Cash Equivalents	2,529	6,269	41,449
Investments	249,592	4,573	
Total Assets	$ 2,076,307	$ 295,466	$ 452,619
LIABILITIES			
Accounts Payable	$ 476,052	$ 23,674	$ 31,840
Payroll and Related Liabilities	20,694	11,498	6,434
Medicaid Payable		129,346	
Interfund Payables	2,198	2,762	198
Due to Other Entities	59,003		41,960
Unearned Revenue	8,774		13,427
Amounts Held in Trust for Others	24,729	6,781	46
Other Accrued Liabilities	2,278	5,257	5,124
Total Liabilities	593,728	179,318	99,029
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	184,053	120,684	3,479
FUND BALANCES			
Nonspendable:			
Permanent Trusts			
Inventories and Prepaid Items	10,530	9,036	21,041
Noncurrent Receivables	50		
Restricted	298,798		326,187
Committed	320,700	25	2,883
Assigned	111,168		
Unassigned	557,280	(13,597)	
Total Fund Balances	1,298,526	(4,536)	350,111
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,076,307	$ 295,466	$ 452,619

The accompanying notes are an integral part of the financial statements.

Land Endowments	Nonmajor Governmental	Total
	$ 7,958	$ 8,054
$ 42,108	277,085	1,830,003
1,809,742	84,066	2,038,338
14,103	16,449	101,539
	6,567	499,677
	787	8,183
	59,230	303,914
	16,229	56,836
	3,536	8,731
5,551	1,999	10,115
	35,132	85,379
	105,506	359,671
$ 1,871,504	$ 614,544	$ 5,310,440
$ 8,833	$ 42,583	$ 582,982
	17,316	55,942
		129,346
	1,856	7,014
	2	100,965
	7,410	29,611
3	1,103	32,662
1	4,402	17,062
8,837	74,672	955,584
	22,563	330,779
1,385,976	2,778	1,388,754
	16,229	56,836
		50
476,691	400,059	1,501,735
	96,294	419,902
	1,949	113,117
		543,683
1,862,667	517,309	4,024,077
$ 1,871,504	$ 614,544	$ 5,310,440


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2016
(dollars in thousands)

Total Fund Balances - Governmental Funds		$ 4,024,077
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:		
Land and Land Use Rights	$ 1,085,831	
Capital Assets in Progress	1,046,080	
Infrastructure	3,791,617	
Historical Art and Collections	72	
Buildings and Improvements	976,850	
Improvements Other Than Buildings	116,234	
Machinery, Equipment, and Other	643,822	
Accumulated Depreciation	(1,119,846)	
Total Capital Assets		6,540,660
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		16,695
Deferred Outflows of Resources benefit future periods and are not reported in the funds. The deferred outflows of resources consist of the following:		
Debt Defeasance	4,460	
Hedging Derivatives	5,633	
Pension Related Deferrals	126,574	
Pension Contributions Subsequent to Measurement Date	68,982	
Total Deferred Outflows of Resources		205,649
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.		91,260
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of the following:		
Compensated Absences Payable	(53,141)	
Bonds, Notes, and Capital Leases Payable	(756,938)	
Accrued Interest on Bonds	(29,307)	
Claims and Judgments	(169,115)	
Other Long-Term Liabilities	(334,191)	
Total Long-Term Liabilities		(1,342,692)
Deferred Inflows of Resources benefit future periods. The deferred inflows of resources consist of the following:		
Unavailable Revenue	326,440	
Pension Related Deferrals	(186,035)	
Total Deferred Inflows of Resources		140,405
Net Position - Governmental Activities		$ 9,676,054

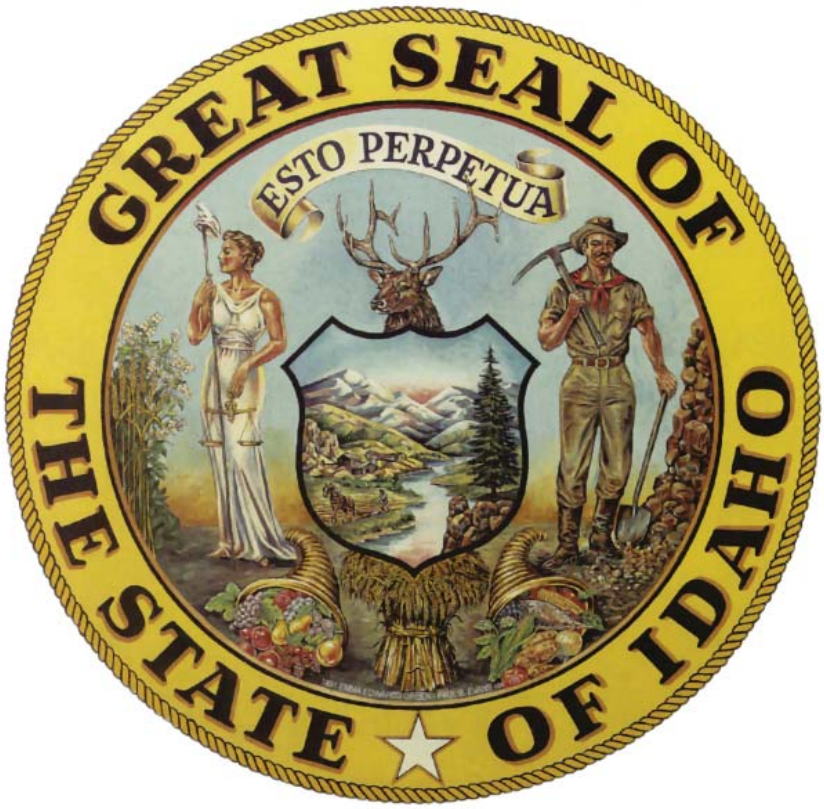
The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	General	Health and Welfare	Transportation
REVENUES			
Sales Tax	$ 1,572,965		
Individual and Corporate Taxes	1,696,814		
Other Taxes	58,274	$ 26,523	$ 353,945
Licenses, Permits, and Fees	23,001	22,956	173,447
Sale of Goods and Services	30,598	114,961	8,330
Grants and Contributions	12,327	1,867,457	301,637
Investment Income	16,318	918	5,244
Tobacco Settlement	25,297		
Other Income	44,038	440	1,880
Total Revenues	3,479,632	2,033,255	844,483
EXPENDITURES			
Current:			
General Government	133,860		
Public Safety and Correction	300,189	3,326	
Health and Human Services	26,445	2,595,862	
Education	1,690,567		
Economic Development	47,789		180,329
Natural Resources	62,562		
Capital Outlay	49,300	12,050	337,638
Intergovernmental Revenue Sharing	252,426	58,838	181,563
Debt Service:			
Principal Retirement	987		29,186
Interest and Other Charges	11,620	4	29,232
Total Expenditures	2,575,745	2,670,080	757,948
Revenues Over (Under) Expenditures	903,887	(636,825)	86,535
OTHER FINANCING SOURCES (USES)			
Bonds and Notes Issued			
Capital Lease Acquisitions	7		
Sale of Capital Assets	383	257	18,943
Transfers In	209,079	651,390	570
Transfers Out	(979,266)	(8,716)	(17,982)
Total Other Financing Sources (Uses)	(769,797)	642,931	1,531
Net Change in Fund Balances	134,090	6,106	88,066
Fund Balances - Beginning of Year, as Restated	1,164,436	(10,642)	262,045
Fund Balances - End of Year	$ 1,298,526	$ (4,536)	$ 350,111

The accompanying notes are an integral part of the financial statements.

Land Endowments	Nonmajor Governmental	Total
	$ 6,764	$ 1,579,729
	20	1,696,834
	148,697	587,439
	170,854	390,258
$ 80,261	37,874	272,024
	499,990	2,681,411
(2,682)	14,754	34,552
		25,297
17	16,755	63,130
77,596	895,708	7,330,674
	69,923	203,783
	66,467	369,982
		2,622,307
	247,556	1,938,123
	197,289	425,407
32,978	153,131	248,671
77	42,365	441,430
	54,945	547,772
	8,773	38,946
4	6,549	47,409
33,059	846,998	6,883,830
44,537	48,710	446,844
	12,270	12,270
		7
26,901	1,158	47,642
	41,326	902,365
(56,673)	(88,329)	(1,150,966)
(29,772)	(33,575)	(188,682)
14,765	15,135	258,162
1,847,902	502,174	3,765,915
$ 1,862,667	$ 517,309	$ 4,024,077


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2016

(dollars in thousands)

Net Change in Fund Balances - Governmental Funds		$ 258,162
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense. Capital outlays exceeded depreciation expense in the current year by the following amount:		
Capital Outlay	$ 240,653	
Depreciation Expense	(101,956)	
		138,697
Miscellaneous transactions involving capital assets such as sales (gain/loss) and donations are reported in the Statement of Activities but only proceeds from sales are reported in the governmental funds.		(11,805)
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(180,724)
The issuance of long-term debt provides current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current year the following debt was incurred:		
Bonds and Notes	(12,270)	
Capital Leases	(7)	
		(12,277)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consisted of:		
Bond and Note Principal	37,446	
Capital Leases	1,500	
		38,946
Reduction in note principal not reported as an expenditure in governmental funds		9,630
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Some expenditures reported in the governmental funds either increase or decrease long-term liabilities reported in the Statement of Net Position. In the current year these amounts consisted of:		
Accrued Interest and Amortization	2,393	
Compensated Absences	(4,103)	
Claims and Judgments	1,726	
Other Long-Term Liabilities	10,048	
		10,064
Internal service funds are reported separately from governmental funds in the fund statements. In the government-wide statements, internal service funds are included with governmental activities.		7,724
Change in Net Position - Governmental Activities		$ 258,417

The accompanying notes are an integral part of the financial statements.

Statement of Net Position
Proprietary Funds
June 30, 2016
(dollars in thousands)

	Business-Type Activities - Enterprise Funds			
	College and University	Unemployment Compensation	Loan	Nonmajor Enterprise Funds
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 82,641	$ 459,956	$ 92	$ 2,491
Pooled Cash and Investments	154,082	2,123	22,724	21,860
Investments	83,489			
Accounts Receivable, Net	72,652	56,895	1,409	1,786
Interfund Receivables	5,318	72		190
Inventories and Prepaid Items	11,241			18,915
Due from Component Unit	1,486			
Loans, Notes, and Pledges Receivable, Net	5,083		15,204	
Other Current Assets	965	2	5,660	133
Total Current Assets	416,957	519,048	45,089	45,375
Noncurrent Assets				
Restricted Cash and Cash Equivalents	19,476		33,839	52,119
Investments	132,364	181,501		
Restricted Investments			117,985	
Loans, Notes, and Pledges Receivable, Net	18,406		345,959	
Other Noncurrent Assets	5,175			1
Capital Assets, Net	1,152,160		32,116	12,707
Total Noncurrent Assets	1,327,581	181,501	529,899	64,827
Total Assets	1,744,538	700,549	574,988	110,202
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	45,499			3,027
Total Assets and Deferred Outflows of Resources	$ 1,790,037	$ 700,549	$ 574,988	$ 113,229
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 18,243		$ 77	$ 13,500
Payroll and Related Liabilities	43,342			1,002
Interfund Payables	1,018			6,515
Due to Other Entities				7,130
Unearned Revenue	28,017		13,573	
Amounts Held in Trust for Others	4,516			
Due to Component Unit	168			
Other Accrued Liabilities	10,717	$ 205	7	3,366
Compensated Absences Payable	20,633			740
Bonds, Notes, and Capital Leases Payable	19,922			28
Policy Claim Liabilities				
Total Current Liabilities	146,576	205	13,657	32,281
Noncurrent Liabilities				
Bonds, Notes, and Capital Leases Payable	449,706			68
Policy Claim Liabilities				
Other Long-Term Obligations	75,615			4,888
Total Noncurrent Liabilities	525,321			4,956
Total Liabilities	671,897	205	13,657	37,237
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	34,753			3,067
NET POSITION				
Net Investment in Capital Assets	710,804		32,115	12,612
Restricted for:				
Claims and Judgments				
Unemployment Compensation		700,344		
Permanent Trust - Expendable	60,263			
Other Purposes			529,216	60,313
Unrestricted	312,320			
Total Net Position	1,083,387	700,344	561,331	72,925
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,790,037	$ 700,549	$ 574,988	$ 113,229

The amount reported for the total net position on this statement differs from the amount reported for Business-Type Activities on the Government-wide Statement of Net Position because of an $8,495 consolidation adjustment for internal service fund activities on the government-wide statement.

The accompanying notes are an integral part of the financial statements.

	Governmental Activities
Total	Internal Service Funds
$ 545,180	
200,789	$ 42,610
83,489	
132,742	136
5,580	816
30,156	4,161
1,486	
20,287	
6,760	2,037
1,026,469	49,760
105,434	36,240
313,865	32,665
117,985	
364,365	
5,176	5
1,196,983	14,454
2,103,808	83,364
3,130,277	133,124
48,526	3,106
$ 3,178,803	$ 136,230
$ 31,820	$ 2,517
44,344	937
7,533	32
7,130	
41,590	19,564
4,516	
168	
14,295	123
21,373	917
19,950	261
	2,818
192,719	27,169
449,774	2,003
	7,986
80,503	4,810
530,277	14,799
722,996	41,968
37,820	3,002
755,531	12,191
	36,240
700,344	
60,263	
589,529	39,309
312,320	3,520
2,417,987	91,260
$ 3,178,803	$ 136,230

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	Business-Type Activities-Enterprise Funds			
	College and University	Unemployment Compensation	Loan	Nonmajor Enterprise Funds
OPERATING REVENUES				
Assessments		$ 174,575		
Licenses, Permits, and Fees	$ 417,830		$ 2,081	
Scholarship Allowances	(78,307)			
Sale of Goods and Services	129,546		2,596	$ 433,150
Grants and Contributions	147,255	3,918	13,054	
Other Income	14,234	1	93	727
Total Operating Revenues	630,558	178,494	17,824	433,877
OPERATING EXPENSES				
Personnel Costs	652,250			16,384
Services and Supplies	249,647	1	2,174	136,860
Benefits, Awards, and Premiums	57,373	104,911		153,650
Depreciation	67,368		207	1,283
Other Expenses	17,453	3,274	1,772	7,243
Total Operating Expenses	1,044,091	108,186	4,153	315,420
Operating Income (Loss)	(413,533)	70,308	13,671	118,457
NONOPERATING REVENUES (EXPENSES)				
Gifts and Grants	127,603			
Investment Income	7,115	14,643	10,540	169
Interest Expense	(18,468)	(1)	(70)	(9)
Intergovernmental Distributions			(2,985)	(32,530)
Gain (Loss) on Sale of Capital Assets	(663)			70
Other Nonoperating Revenues (Expenses)	751		(329)	
Total Nonoperating Revenues (Expenses)	116,338	14,642	7,156	(32,300)
Income (Loss) Before Contributions and Transfers	(297,195)	84,950	20,827	86,157
Capital Contributions	17,200			
Transfers In	313,314		2,130	
Transfers Out		(2,841)	(1,324)	(77,556)
Change in Net Position	33,319	82,109	21,633	8,601
Total Net Position - Beginning of Year, as Restated	1,050,068	618,235	539,698	64,324
Total Net Position - End of Year	$ 1,083,387	$ 700,344	$ 561,331	$ 72,925

The accompanying notes are an integral part of the financial statements.

	Governmental Activities	
	Total	Internal Service Funds
	$ 174,575	
	419,911	
	(78,307)	
	565,292	$ 310,828
	164,227	64
	15,055	443
	1,260,753	311,335
	668,634	14,606
	388,682	20,807
	315,934	280,111
	68,858	1,559
	29,742	2,333
	1,471,850	319,416
	(211,097)	(8,081)
	127,603	
	32,467	1,366
	(18,548)	(142)
	(35,515)	
	(593)	(298)
	422	1
	105,836	927
	(105,261)	(7,154)
	17,200	
	315,444	14,878
	(81,721)	
	145,662	7,724
	2,272,325	83,536
	$ 2,417,987	$ 91,260

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	Business-Type	
	College and University	**Unemployment Compensation**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Assessments		$ 181,163
Receipts from Customers	$ 459,962	1
Receipts from Interfund Services		
Receipts from Grants and Contributions	143,592	3,918
Payments to Employees	(651,077)	
Payments to Suppliers	(251,813)	
Payments for Interfund Services		
Payments for Benefits, Awards, and Claims	(54,367)	(102,964)
Other Receipts	13,321	
Other Payments	(11,019)	(3,275)
Net Cash Provided (Used) by Operating Activities	(351,401)	78,843
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts, Grants, and Endowments Received	127,290	
Intergovernmental Distributions		
Transfers In	313,314	
Transfers Out		(2,841)
Proceeds from Bonds, Notes, and Loans	200,171	
Repayments of Bonds, Notes, and Loans	(190,139)	(50,075)
Interest Payments		(1,166)
Net Cash Provided (Used) by Noncapital Financing Activities	450,636	(54,082)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants and Contributions	10,872	
Proceeds from Bonds and Notes	10,590	
Principal Payments	(25,785)	
Interest Payments	(19,802)	
Proceeds from Disposition of Capital Assets		
Acquisition and Construction of Capital Assets	(84,673)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(108,798)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of Interest and Dividends	1,658	10,405
Purchase of Investments	(264,144)	(119,075)
Redemption of Investments	261,171	
Other Investing Activities	(10,266)	(825)
Net Cash Provided (Used) by Investing Activities	(11,581)	(109,495)
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	(21,144)	(84,734)
Beginning Cash, Cash Equivalents, and Pooled Cash	277,343	546,813
Ending Cash, Cash Equivalents, and Pooled Cash	$ 256,199	$ 462,079
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$ (413,533)	$ 70,308
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	67,368	
Maintenance Costs Paid by Department of Public Works	3,101	
Net Changes in Assets and Liabilities:		
Accounts Receivable/Interfund Receivables	(4,888)	
Inventories and Prepaid Items	(764)	
Notes Receivable	(141)	
Other Assets	(82)	8,484
Accounts Payable/Interfund Payables	1,972	
Unearned Revenue		
Compensated Absences	426	
Policy Claim Liabilities		
Other Accrued Liabilities	2,052	51
Net Changes in Deferred Outflows/Inflows of Resources	(6,912)	
Net Cash Provided (Used) by Operating Activities	$ (351,401)	$ 78,843

Noncash Transactions (dollars in thousands):

Investments increased in fair value by $3,780 for colleges and universities, $4,311 for Unemployment Compensation, $1,079 for the Loan Fund, and $299 for Internal Service funds. Prior period adjustment for restatement of net position due to an adjustment to capital assets for $172 in Internal Service Funds. Colleges and universities acquired assets of $2,037 through donations, $1,067 through state capital appropriations, disposed of capital assets at a loss of $156, and amortization of deferred amounts on refunding and bond premiums of $570.

The accompanying notes are an integral part of the financial statements.

Activities - Enterprise Funds			Governmental Activities
Loan	Nonmajor Enterprise Funds	Total	Internal Service Funds
		$ 181,163	
$ 4,787	$ 430,581	895,331	$ 19,210
	4,449	4,449	297,711
13,054		160,564	64
	(16,473)	(667,550)	(14,713)
(3,820)	(143,053)	(398,686)	(22,582)
(47)	(903)	(950)	(1,509)
	(152,814)	(310,145)	(280,611)
93		13,414	
(2)	(333)	(14,629)	(1,632)
14,065	121,454	(137,039)	(4,062)
		127,290	
(2,985)	(31,503)	(34,488)	
2,130		315,444	14,878
(1,324)	(76,540)	(80,705)	
		200,171	
		(240,214)	
		(1,166)	(15)
(2,179)	(108,043)	286,332	14,863
		10,872	
		10,590	
(2,394)	(27)	(28,206)	(234)
(188)	(6)	(19,996)	(129)
	87	87	2
	(507)	(85,180)	(1,974)
(2,582)	(453)	(111,833)	(2,335)
8,221	150	20,434	977
(47,425)		(430,644)	(602)
18,675		279,846	
(593)	(150)	(11,834)	(627)
(21,122)		(142,198)	(252)
(11,818)	12,958	(104,738)	8,214
68,473	63,512	956,141	70,636
$ 56,655	$ 76,470	$ 851,403	$ 78,850
$ 13,671	$ 118,457	$ (211,097)	$ (8,081)
207	1,283	68,858	1,559
		3,101	
810	1,381	(2,697)	488
	(1,470)	(2,234)	(1,336)
		(141)	
	105	8,507	1,230
77	1,817	3,866	(1,245)
(700)		(700)	3,931
	11	437	48
			(500)
	1,730	3,833	(156)
	(1,860)	(8,772)	
$ 14,065	$ 121,454	$ (137,039)	$ (4,062)

The Loan Fund had loan forgiveness in the amount of $2,984 and capitalized interest of $1,068. Nonmajor Enterprise funds disposed of an asset at a loss of $17. The Internal Service funds disposed of capital assets at a loss of $298. Nonmajor Enterprise funds recorded an interfund payable of $1,015 due on July 1, 2016.

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016
(dollars in thousands)

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust	Agency
ASSETS				
Cash and Cash Equivalents	$ 2,979	$ 4,803	$ 394	$ 24,190
Pooled Cash and Investments	2,906			28,794
Investments:				
Pooled Short Term	404,000	154,216	11,148	
Fixed Income Investments	3,543,380	1,750,890		376,632
Marketable Securities	8,926,486			
Mutual Funds and Private Equities	1,858,945		333,094	
Mortgages and Real Estate	1,151,951	63,831		
Other Investments	2,529		11,054	
Receivables:				
Investments Sold	170,259		28	
Contributions	6,258			
Interest and Dividends	45,026	2,317		89
Interfund Receivables	1,778			
Other Receivables	379			
Other Assets	66,193			
Capital Assets, Net	11,792			
Total Assets	16,194,861	1,976,057	355,718	$ 429,705
LIABILITIES				
Accounts Payable	700	48	245	14
Interfund Payables	1,778			
Due to Other Entities				133
Amounts Held in Trust for Others				428,857
Investments Purchased	286,891		63	
Policy Claim Liabilities	1,872			
Other Accrued Liabilities	11,309	944		701
Total Liabilities	302,550	992	308	$ 429,705
NET POSITION				
Held in Trust for:				
Employee Pension Benefits	15,447,665			
Postemployment Healthcare Benefits	443,028			
External Investment Pool Participants		1,975,065		
Trust Beneficiaries	1,618		355,410	
Total Net Position	$ 15,892,311	$ 1,975,065	$ 355,410	

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust
ADDITIONS			
Contributions:			
Member	$ 285,219		
Employer	389,604		
Transfers In from Other Plans	38,732		
Participant Deposits		$ 4,091,274	$ 46,341
Total Contributions	713,555	4,091,274	46,341
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	(69,354)	1,001	(244)
Interest, Dividends, and Other	350,254	10,259	6,946
Less Investment Expense:			
Investment Activity Expense	(45,277)	(581)	
Securities Lending Interest Expense			
Net Investment Income	235,623	10,679	6,702
Miscellaneous Income	29		
Total Additions	949,207	4,101,953	53,043
DEDUCTIONS			
Benefits and Refunds Paid to Plan Members	928,700		
Transfers Out to Other Plans			
Administrative Expense	12,221		1,967
Earnings Distribution		8,781	
Participant Withdrawals	23,573	3,954,301	29,668
Total Deductions	964,494	3,963,082	31,635
Change in Net Position Held in Trust for:			
Employee Pension Benefits	(25,761)		
Employee Postemployment Healthcare Benefits	10,035		
External Investment Pool Participants		138,871	
Trust Beneficiaries	439		21,408
Net Position - Beginning of Year, as Restated	15,907,598	1,836,194	334,002
Net Position - End of Year	$ 15,892,311	$ 1,975,065	$ 355,410

The accompanying notes are an integral part of the financial statements.

Statement of Net Position
Component Units
June 30, 2016
(dollars in thousands)

	Idaho Housing and Finance Association	College and University Foundation	Petroleum Clean Water Trust	Health Reinsurance
ASSETS				
Cash and Cash Equivalents	$ 16,852	$ 11,068		$ 1,692
Pooled Cash and Investments			$ 1,183	
Investments	213,316	189,826	33,995	20,459
Accounts Receivable, Net	23,015	285	382	230
Due from Other Entities				
Inventories and Prepaid Items	343	321		
Due from Primary Government	634,693	5,089		
Loans, Notes, and Pledges Receivable, Net	647,123	35,332		
Other Assets	854	2,407	145	20
Restricted Assets:				
Cash and Cash Equivalents	175,064	20,205		
Investments		284,459		
Capital Assets:				
Nondepreciable	5,658	13,343		
Depreciable, Net	40,057	341		
Total Assets	1,756,975	562,676	35,705	22,401
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	72,287			
Total Assets and Deferred Outflows of Resources	$ 1,829,262	$ 562,676	$ 35,705	$ 22,401
LIABILITIES				
Accounts Payable	$ 1,575	$ 2,188		$ 56
Payroll and Related Liabilities	866			
Unearned Revenue	6,382	976		
Amounts Held in Trust for Others	45,155	22,712		
Due to Primary Government		13,921		
Due to Other Entities				
Other Accrued Liabilities	207,642	20	$ 86	96
Long-Term Liabilities:				
Due Within One Year	262,223	3,395	1,343	599
Due in More Than One Year	1,030,936	9,226	2,634	
Total Liabilities	1,554,779	52,438	4,063	751
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows				
NET POSITION				
Net Investment in Capital Assets	16,730			
Restricted for:				
Debt Service	135,356			
Permanent Trust - Expendable		148,810		
Permanent Trust - Nonexpendable		345,099		
Other Purposes	122,397			21,650
Unrestricted		16,329	31,642	
Total Net Position	274,483	510,238	31,642	21,650
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,829,262	$ 562,676	$ 35,705	$ 22,401

The accompanying notes are an integral part of the financial statements.

Bond Bank Authority	Health Insurance Exchange	Total
	$ 7,613	$ 37,225
$ 304		1,487
		457,596
		23,912
	2,148	2,148
	56	720
		639,782
356,523		1,038,978
4,786		8,212
		195,269
		284,459
	2,820	21,821
	23,067	63,465
361,613	35,704	2,775,074
		72,287
$ 361,613	$ 35,704	$ 2,847,361
	$ 2,407	$ 6,226
	25	891
		7,358
		67,867
		13,921
$ 4,787	551	213,182
19,000	47	286,607
342,618		1,385,414
366,405	3,030	1,981,466
	25,887	42,617
		135,356
		148,810
		345,099
		144,047
(4,792)	6,787	49,966
(4,792)	32,674	865,895
$ 361,613	$ 35,704	$ 2,847,361

Statement of Revenues, Expenses, and Changes in Fund Net Position
Component Units
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	Idaho Housing and Finance Association	College and University Foundation	Petroleum Clean Water Trust	Health Reinsurance
EXPENSES				
Personnel Costs	$ 12,460	$ 2,649		
Services and Supplies	12,336	7,367	$ 1,227	$ 212
Benefits, Awards, and Premiums	43,974	45,997	1,315	1,422
Interest Expense	101,654	196		4
Depreciation	3,077	42		
Other Expenses	2,143	670		
Total Expenses	175,644	56,921	2,542	1,638
PROGRAM REVENUES				
Charges for Services:				
Licenses, Permits, and Fees	24,433		2,418	
Sale of Goods and Services	5,227	44		968
Investment Income	105,664		310	58
Other Income	4,246	2,687		
Operating Grants and Contributions	45,720	70,802		
Total Program Revenues	185,290	73,533	2,728	1,026
Net Revenues (Expenses)	9,646	16,612	186	(612)
GENERAL REVENUES				
Payments from State of Idaho				5,722
Total General Revenues				5,722
Capital Contributions				
Permanent Endowment Contributions		1,869		
Change in Net Position	9,646	18,481	186	5,110
Net Position - Beginning of Year, As Restated	264,837	491,757	31,456	16,540
Net Position - End of Year	$ 274,483	$ 510,238	$ 31,642	$ 21,650

The accompanying notes are an integral part of the financial statements.

Bond Bank Authority	Health Insurance Exchange	Total
	$ 1,906	$ 17,015
$ 365	12,930	34,437
		92,708
12,937		114,791
	7,763	10,882
50	5	2,868
13,352	22,604	272,701
35	6,030	32,916
		6,239
14,036	13	120,081
		6,933
	14,447	130,969
14,071	20,490	297,138
719	(2,114)	24,437
		5,722
		5,722
		1,869
719	(2,114)	32,028
(5,511)	34,788	833,867
$ (4,792)	$ 32,674	$ 865,895

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Idaho have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting principles.

During fiscal year 2016, the State implemented the following GASB Guidance:

- Statement No. 72, Fair Value Measurement and Application.
- Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Amendments to Certain Provisions of GASB Statements 67 and 68 were implemented in fiscal year 2016. Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 will be implemented in fiscal year 2017.
- Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments
- Statement No. 79, Certain External Investment Pools and Pool Participants is partially implemented in fiscal year 2016 and will be fully implemented in fiscal year 2017
- Implementation Guide No. 2015-1

The financial statements are presented for the fiscal year ended June 30, 2016, except for the Idaho State Bar and the Idaho Dairy Products Commission (nonmajor special revenue funds); the Petroleum Clean Water Trust Fund, The Housing Company (THC), the Idaho Individual High Risk Reinsurance Pool, and the Idaho Small Employer Health Reinsurance Program (discretely presented component units); and the State of Idaho Public Employees' Deferred Compensation Plan (pension trust fund); whose statements are for the fiscal year ended December 31, 2015. The Idaho Potato Commission (nonmajor special revenue fund) has a fiscal year that ended August 31, 2015.

A. Reporting Entity

For financial reporting purposes, the State of Idaho's reporting entity includes the primary government and its component units. The primary government includes all funds, departments, agencies, boards, commissions, colleges and universities, and authorities that are considered an integral part of the State. Component units are legally separate organizations for which the State is financially accountable. Financial accountability exists if the State appoints a voting majority of the organization's governing board and either 1) is able to impose its will on the organization or 2) a potential exists for the organization to provide financial benefits to, or impose financial burdens on, the State.

For those entities for which the State does not appoint a voting majority of the governing body, inclusion of the entity is required if the organization is fiscally dependent on the State. Component units also include legally separate and tax-exempt organizations whose economic resources directly benefit the State, the State is entitled to or has the ability to access those resources, and the resources are significant to the State.

Blended Component Unit

Blended component units are legally separate from the State but are so intertwined with the State that they are, in substance, the same as the State. The component units are reported as part of the primary government and blended into the appropriate funds.

The *Idaho State Building Authority* was created by Idaho Code Section 67-6403 to finance and construct facilities, such as office buildings and parking garages, to be used and leased by the State. The Authority relies on the State's leasing agreements, resulting in a significant financial benefit/burden relationship. The Authority provides services to the State of Idaho and some community colleges. The Authority is blended as a nonmajor special revenue fund. The Authority's financial statements may be obtained from the following address: Idaho State Building Authority, 950 W. Bannock St, Suite 490, Boise, ID 83702.

Discretely Presented Component Units

Discretely presented component units are reported in a separate column on the government-wide statements to emphasize that they are legally separate from the primary government. Information regarding the State's discretely presented component units and contact information to obtain their financial reports follow.

The *Idaho Housing and Finance Association* fund includes the Association and its component unit, The Housing Company, which was established to support the function and activities of the Association. The Association was created by Idaho Code Section 67-6202 for the purpose of building and rehabilitating residential housing for persons of low income. The Association is authorized

to enter into agreements that include issuing bonds for the Idaho Transportation Department to facilitate transportation projects thereby creating a financial benefit/burden relationship. The Governor appoints the Association board members.
(https://www.idahohousing.com/investors/)

The *College and University Foundation* fund includes the foundations of Boise State University (BSU), Eastern Idaho Technical College (EITC), Idaho State University (ISU), Lewis-Clark State College (LCSC), and the University of Idaho (UI). The foundations were established for the purpose of soliciting donations in support of the growth and development of the colleges' and universities' programs and activities. Gifts and contributions are held, protected, managed, and invested for the exclusive benefit of the respective colleges and universities.

Boise State University Foundation, Inc.
http://giving.boisestate.edu/

Eastern Idaho Technical College Foundation, Inc.
http://www.eitcfoundation.org/

Idaho State University Foundation, Inc.
http://idahostatefoundation.org/mission/financial-statements/

Lewis-Clark State College Foundation, Inc.
http://www.lcsc.edu/giving/

University of Idaho Foundation, Inc.
http://www.uidaho.edu/uidahofoundation/financialhighlights

The *Idaho Petroleum Clean Water Trust Fund* was created by Idaho Code Section 41-4905 to provide pollution liability insurance for eligible owners and operators of petroleum storage tanks. The Governor appoints the members of the board and the State approves, and may modify, the Fund's plan of operation. The Legislature sets the fees charged for enrollment in the Fund and imposes a transfer fee on petroleum products. Thus the State has the ability to impose its will on the Fund. Financial statements may be obtained from the following address: Idaho Petroleum Clean Water Trust Fund, P.O. Box 83720, Boise, ID 83720-0044.

The *Health Reinsurance* fund includes the Idaho Individual High Risk Reinsurance Pool created by Idaho Code Section 41-5502 and the Idaho Small Employer Health Reinsurance Program created by Idaho Code Section 41-4711. The Pool and the Program are intended to promote the availability of health insurance coverage, regardless of health or claims experience. The Pool and Program provide a safety net to carriers in the form of a risk pool and reinsurance mechanism to facilitate the guaranteed issue of standardized state-approved health benefit plans. The Pool and the Program operate subject to the supervision and control of the same ten-member board, a majority of which is appointed by the director of the Department of Insurance. The Pool is partially funded through state premium tax revenue creating a financial burden for the State. Financial statements may be obtained from the following address: Idaho Individual High Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, 3449 East Copper Point Drive, Meridian, ID 83642.

The *Idaho Bond Bank Authority* was created by Idaho Code Section 67-8703 authorizing the Authority to issue bonds to make loans to municipalities for infrastructure. The Authority can obtain better credit ratings, better interest rates, and lower underwriting costs than municipalities can achieve individually. The Authority is administered by a five-member board, of which two members are appointed by the Governor and three are elected officials. The Authority can obligate sales tax revenue as a source of payment or security for bonds issued, which imposes a potential direct financial burden on the State. (http://sto.idaho.gov/Debt-Management/Idaho-Bond-Bank-Authority-IBBA)

The *Idaho Health Insurance Exchange* was created by Idaho Code Section 41-6104, with the purpose to establish a state-created, market-driven health insurance exchange that will facilitate the selection and purchase of individual and employer health benefit plans. The Exchange is financially self-supporting and does not request financial support from the State. The Exchange is administered by a 19 member board, with 17 total voting members. Of the 17 voting members, 14 are appointed by and serve at the pleasure of the Governor. The Director of the Department of Insurance shall review and approve all bylaws for the regulation and conduct of business of the Exchange. Financial statements may be obtained from the following address: P.O. Box 943, Boise ID 83701.

Related Organizations

The *State Insurance Fund*, created by Idaho Code Section 72-901, and the *Idaho Health Facilities Authority*, created by Idaho Code Section 39-1444, are related organizations for which the State is not financially accountable although the State appoints a voting majority of the organizations' boards. The financial reports of these organizations are excluded from the State's financial statements.

B. Government-Wide and Fund Financial Statements

Government-Wide Statements

The *Statement of Net Position* and *Statement of Activities* report information on nonfiduciary activities of the primary government and its component units. Primary government activities distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Internal service funds are included with governmental activities in the government-wide statements and are included with the proprietary funds in the fund statements.

The *Statement of Net Position* presents the State's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with assets plus deferred outflows of resources minus liabilities and deferred inflows of resources reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of governmental functions, business-type activities, and component units are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific governmental function, business-type activity, or component unit. Revenues are broken out by program and general designations. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, activity, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Program revenues display the extent to which programs are self-funded. The difference between direct expenses and program revenue displays the net cost of the function to be financed from the State's general revenues. Taxes and other revenue sources that are not attributable to specific programs are shown as general revenues.

State agencies share the cost of some centralized services. These administrative overhead charges are reported as direct program expenses of each of the various functions. Certain indirect costs are paid by the general government function and are not allocated to the other governmental functions.

Fund Statements

Separate fund financial statements are presented for the governmental, proprietary, and fiduciary funds. The emphasis in the fund statements is on major funds. Major governmental and business-type funds are reported as separate columns in the fund statements. The remaining governmental and business-type funds are considered to be nonmajor funds and are consolidated in a nonmajor funds column. The nonmajor funds are displayed individually in combining statements.

The State reports the following major governmental funds:

The *General Fund* is the State's primary operating fund. It accounts for services that include general government, public safety and correction, health and human services, education, economic development, and natural resources. The General Fund includes all financial resources of the general government except those accounted for in another fund.

The *Health and Welfare* special revenue fund accounts for resources primarily from federal grants that are used for public assistance, medical care, foster care, and other relief for eligible citizens of Idaho.

The *Transportation* special revenue fund accounts for resources primarily from federal grants, fuel taxes, and registration fees that are used for administration, construction, and maintenance of the state highway and aviation systems.

The *Land Endowments* permanent fund manages and invests the revenues generated from the sale or lease of lands granted from the federal government under the Idaho Admission Act.

The State reports the following major proprietary funds:

The *College and University* fund accounts for resources used by the State's system of higher education.

The *Unemployment Compensation* fund accounts for resources used to provide unemployment benefits to eligible unemployed workers.

The *Loan* fund accounts for loans to make improvements to irrigation, wastewater, and drinking water systems.

Additionally the State reports the following fund types:

Governmental Fund Types

Special revenue funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The *capital projects fund* accounts for financial resources that are restricted, committed, or assigned to finance construction of transportation infrastructure.

Permanent funds account for resources that are restricted to the extent that only earnings, and not

principal, may be used for purposes that support certain state programs.

Proprietary Fund Types

Enterprise funds account for governmental operations that function in a manner similar to private business enterprises. The intent is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal service funds account for a variety of independent operations that provide goods or services to other state agencies or governmental units on a cost-reimbursement basis. Internal service fund activities of the State include health, disability, property, liability, and other types of insurance; data processing services; and other general services such as facilities rentals.

Fiduciary Fund Types

Pension (and other employee benefits) trust funds account for resources held in trust for the members and beneficiaries of the State's defined benefit pension plans, defined contribution plans, deferred compensation plan, and other employee benefits. Complete financial statements of the State of Idaho Public Employees' Deferred Compensation Plan may be obtained by writing to the Idaho State Controller's Office, Attn: Brandon Woolf, P.O. Box 83720, Boise, ID 83720-0011.

Investment trust funds account for external participants' investments with the State's Local Government Investment Pool and Diversified Bond Fund.

The *private-purpose trust fund* accounts for resources held in trust by the Idaho College Savings Program; the principal and interest benefit individuals. Complete financial statements may be obtained by writing to Idaho College Savings Program, IDeal – Idaho College Savings Program, P.O. Box 219944, Kansas City, MO 64121.

The *Agency fund* accounts for residual idle cash and investments held by the State on behalf of other governmental entities and administered by the State Treasurer's Office. The fund also accounts for resources collected or held by the State, acting in a custodial capacity, for distribution to other governmental units or designated beneficiaries. These resources include deposits of securities by banks and insurance companies.

Classification of Revenues and Expenses of Proprietary Funds

Operating and nonoperating revenues and expenses are presented separately on the operating statements. Operating transactions generally occur if they directly result from the provision of goods or services to customers or are otherwise directly related to the principal and usual activity of the fund. All other revenues and expenses are reported as nonoperating.

Reconciling Government-Wide Statements to the Fund Statements

The governmental fund statements include a reconciliation between the fund statements and the government-wide statements. Differences that make a reconciliation necessary include the two differing measurement focuses and bases of accounting between the statements and the inclusion of internal service funds with governmental activities on the government-wide statements.

The proprietary fund statements include a reconciliation between the fund statements and the government-wide statements for internal service fund activity that is included in the enterprise fund statements but eliminated in the government-wide statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The Agency fund reports only assets and liabilities using the accrual basis of accounting; they have no measurement focus.

Reimbursements are eliminated in the government-wide Statement of Activities to reduce the grossing-up effect of internal transactions. Reimbursements are repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements include payments for maintenance and construction projects, federal grant pass-throughs from one state agency to another, insurance premiums, technical services, and the allocation of central human resource costs to all agencies.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Significant revenue sources susceptible to accrual include sales tax, individual and corporate taxes, motor fuel taxes, and federal grants. Licenses, permits, fees, and other miscellaneous revenues, which are derived from an underlying transaction, are recognized when received since they are normally only measurable at that time. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded when paid.

The State reports only enterprise funds as business-type activities. The business-type activities follow all current GASB pronouncements.

THC and the foundations of BSU, EITC, and ISU issue financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. The Idaho Petroleum Clean Water Trust Fund issues statutory basis financial statements. The financial statements and note disclosures of THC, these foundations, and the Idaho Petroleum Clean Water Trust Fund have been reformatted to comply with GASB requirements.

D. Financial Statement Elements

Assets

Cash and Cash Equivalents
Cash and Cash Equivalents consist of bank accounts; petty cash; cash in transit; money market accounts; FDIC insured nonnegotiable certificates of deposit; and short-term, highly-liquid investments with a maturity of three months or less from the date of acquisition.

Pooled Cash and Investments
Cash balances of most funds are deposited with the State Treasurer's Office (STO). Balances not required to meet immediate needs are pooled in an internal investment pool. Idaho Code Sections 67-2725 through 67-2749, and Sections 67-1210, 67-1210A, and 67-1210B, govern STO deposit and investment policies for the pooled balances. See Note 2 for more information.

Investments
The State reports most investments at fair value based on published market prices and quotations from investment brokers. Investments held in lieu of surety deposits, which are not held for investment purposes, are carried at historical cost in the State's agency fund. Certain entities disclosed in Note 2 report money market investments and other highly liquid investments with a remaining maturity of one year or less at the time of purchase using amortized cost. See Note 2 for more information.

Receivables, Net
Receivables in the General Fund consist primarily of income and sales taxes. Special revenue fund receivables consist primarily of federal health, education, and transportation grants, fuels taxes, and vendor receipts. Proprietary fund receivables consist mainly of loans, unemployment assessments, and student tuition and fees. Fiduciary fund receivables consist primarily of investments sold in the pension trust funds. The receivables are disaggregated on the financial statements. See Note 5 for more information on noncurrent receivables.

Internal Balances
Interfund receivables and payables consist of unpaid balances for goods and services provided by one fund to another and for certain statutorily required transfers due at year-end. Interfund goods and services provided are reported as revenues in seller funds and expenditures or expenses in purchaser funds. These balances are generally short-term receivables and payables. See Note 4 for interfund schedules and any receivables not expected to be collected within one year. Interfund receivable and payable balances and activity have been eliminated from the government-wide Statement of Net Position, except for the residual amounts due between governmental and business-type activities, which are shown as Internal Balances.

Inventories and Prepaid Items
Inventory consists of materials and supplies that will be consumed within a year. Governmental and proprietary fund-type inventories of supplies and materials are valued at cost, which approximates market value, generally using the first-in, first-out method. Prepaid expenses represent amounts paid in the current period for services that will benefit future periods. Inventory and prepaid expenses are accounted for using the consumption method.

Other Assets
Other assets include interest receivable, and other miscellaneous items.

Restricted Assets
Assets are reported as restricted when constraints on asset use are imposed by constitutional provisions, enabling legislation, or external parties; and the constraints change the nature or normal understanding of the availability of the asset. See Note 2 for more information.

Capital Assets, Net
Capital assets include land, improvements to land, land use rights, buildings, improvements to buildings, machinery, equipment, software, historical art and collections, capital assets in progress, all infrastructure regardless of acquisition date, and other tangible or intangible assets used in operations. Tangible assets with a value of $5,000 or more, and intangible assets with a value of $200,000 or more, and a useful life of more than one year are capitalized. The costs of normal repairs and maintenance that do not add to the asset's functionality or materially extend an asset's useful life are not capitalized. Interest expense related to capital asset construction is capitalized for enterprise funds.

Capital assets are reported at cost or estimated historical cost, if actual cost is not available. In cases where historical cost is not available, assets are valued using comparable assets indexed forward or backward with the Consumer Price Index. Donated capital assets are reported at their acquisition value at the date of donation. Endowment land originally granted to the State by the federal government is reported at one dollar per acre.

Capital assets are depreciated or amortized with the exception of roads, rights-of-way, land, capital assets in progress, historical art and collections, and certain intangible assets with an indefinite useful life. Depreciation and amortization are recorded as depreciation expense. For all depreciable major asset classes, depreciation and amortization are calculated on a straight-line basis over their estimated useful lives, as follows:

Assets	Years
Buildings and Improvements to Buildings	30 - 50
Improvements Other Than Buildings	5 - 50
Machinery, Equipment, and Other	3 - 40
Infrastructure – Bridges	75
Infrastructure – Other	30 - 50

Roads are not depreciated but rather are accounted for under the modified approach. The modified approach recognizes that this class of infrastructure will be indefinitely maintained at a certain condition level and as such does not have a limited lifespan. Costs to maintain the roads at the set condition levels are expensed rather than capitalized, unless the road's service potential is increased or additions are made. The Idaho Transportation Department has the responsibility for determining and assessing the condition levels, maintaining the inventory of roads, and making annual estimates of costs to maintain the roads. Further information regarding infrastructure can be found in the Required Supplementary Information.

Historical art and collections include historical artifacts, documents, rare books, paintings, portraits, state capitol-related artifacts, furnishings, films, statues, and monuments. Some of the State's historical art and collections have not been capitalized because they are preserved and protected for public display, education, or research. The proceeds from the sales of collection items are used to acquire other items for the collection. Historical art and collections already capitalized at June 30, 1999, have remained capitalized even if they meet the conditions for exemption from capitalization.

Intangible assets acquired in fiscal years ending after June 30, 1980, and not previously capitalized, are retroactively reported as of July 1, 2009. Some intangible assets with indefinite useful lives as of July 1, 2009, and some internally generated intangible assets created prior to or in progress as of July 1, 2009, were retroactively reported if appropriate historical costs were determinable.

See Note 6 for more information on capital assets.

Deferred Outflows of Resources

Deferred outflows of resources consist of costs related to debt defeasance and decreases in the amortized value of hedging derivative instruments to be recognized in a future period. At the time that the instrument is terminated, the amount will be reported as a decrease of investment income.

Deferred outflows of resources also consist of pension contributions made subsequent to the actuarially-determined pension liability measurement date and the State's proportionate share of the total pension-related deferred outflows of resources

See Notes 7 and 8 for more information.

Liabilities

Payables
Payables in the General Fund consist primarily of sales taxes due to local governments, vendor obligations, and unsettled trades payable, which account for tax anticipation notes security proceeds which have a trade date prior to year-end and a settlement date after year-end. Payables in the special revenue funds relate primarily to vendor obligations, fuel taxes to be distributed to local governments, and Medicaid. Medicaid Payable includes the amount the State expects to pay within 60 days of fiscal year end. The remaining amount, estimated

Medicaid claims expected to be presented within the next year, is reported as Claims and Judgments within the Long-Term Liabilities due within one year on the government-wide Statement of Net Position. Proprietary fund payables consist mostly of payroll liabilities and vendor obligations. The pension trust fund payable is comprised primarily of investments purchased by the Public Employee Retirement System of Idaho.

Unearned Revenue
Unearned revenue is recorded when cash is received prior to being earned.

Amounts Held in Trust for Others
Amounts held in trust for others consist of cash or other assets held for an individual or entity until certain conditions of an agreement are met, at which time the asset is returned to the owner. Occasionally the owner may default on the conditions; at that time, the asset held in trust becomes the property of the State and revenue is recorded.

Other Accrued Liabilities
Other accrued liabilities primarily consist of interest payable and other miscellaneous liabilities.

Long-Term Liabilities
Government-wide and proprietary financial statements report long-term obligations as liabilities, with the portion payable within 12 months designated separately from the portion payable in more than 12 months. Long-term liabilities include the following:

Bonds and Notes Payable consists of bonds and notes issued for the construction or acquisition of facilities and for funding various projects. Bond premiums and discounts are deferred and amortized over the life of the loan. See Note 13 for more information.

Capital Leases Payable consists of lease contracts that transfer substantially all of the benefits and risks of ownership of property to the State. See Note 11 for more information.

Compensated Absences Payable includes vacation and compensatory time earned by employees but not paid and retirees' unused sick leave to be used for the acquisition of health insurance. See Note 13 for more information.

Policy Claim Liabilities includes amounts for probable claims that have been incurred and the amount of the loss has been reasonably estimated. See Notes 10 and 13 for more information.

Other Long-Term Liabilities consists of payables on behalf of the State and its agencies for various legal proceedings and claims, a net pension liability, net other postemployment benefits obligations, and other miscellaneous liabilities. See Notes 8, 9, and 13 for more information.

Deferred Inflows of Resources

Deferred inflows of resources consists of unavailable revenue, which is revenue that has been earned but is not available within 60 days, government mandated nonexchange transactions, the State's proportionate share of the total pension-related deferred inflows of resources, and increases in the fair value of hedging derivative instruments to be recognized in a future period. At the time that the instrument is terminated, the amount will be reported as an increase of investment income. See Notes 7 and 8 for more information.

E. Net Position / Fund Balance

Net Position

Net position is the difference between assets and deferred outflows of resources minus liabilities and deferred inflows of resources on the government-wide, proprietary, and fiduciary fund financial statements.

Net position is displayed in the following three categories:

Net Investment in Capital Assets consists of capital assets net of accumulated depreciation, deferred outflows of resources, deferred inflows of resources, and reduced by outstanding related debt.

Restricted Net Position results when third parties, constitutional provisions, or enabling legislation impose constraints on net position use. The State does not have a policy regarding the preferred first usage of unrestricted or restricted net position. Expense allocation decisions are made on a program-by-program basis when both restricted and unrestricted net positions are available.

Unrestricted Net Position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position may have constraints or designations placed upon them by management, which can be unilaterally removed.

Fund Balance

Fund balance is the difference between assets and liabilities on the governmental fund financial statements. The Legislature approves appropriations for State agencies and in so doing specifies the funding sources and the order in which restricted, committed, assigned, or unassigned fund balance is spent. Fund balances are classified in the following five categories:

Nonspendable fund balances consist of amounts that cannot be spent because they are in nonspendable form, such as inventories, prepaid items, and long-term receivables; or they are legally or contractually required to be maintained intact, such as the corpus of the permanent fund.

Restricted fund balances consist of amounts that are constrained by either external parties or imposed by law through constitutional provisions or enabling legislation and can only be used for specific stated purposes.

Committed fund balances consist of amounts that are constrained by statutes enacted by the Legislature and approved by the Governor. The committed amounts cannot be used for any other purposes unless subsequent legislation changes or removes the specified purposes. The legislation that constrains the use of the resources is separate from the authorization to raise the underlying revenue.

Assigned fund balances consist of amounts that are constrained by the Legislature's or agency director's intent to be used for specific purposes, and are neither restricted nor committed. *Unassigned* fund balance is the residual classification for the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

See Note 14 for more information.

NOTE 2. DEPOSITS, INVESTMENTS, AND RESTRICTED ASSETS

A. Deposits

Cash and cash equivalents are deposited with various financial institutions. Legal provisions regarding deposits are found throughout Idaho Code Title 67. The State Treasurer's Office (STO) acts as the State's bank, receiving and disbursing all moneys except for the following: the State Bar, the Potato Commission, the Dairy Products Commission, the Wheat Commission, some of the endowment fund accounts, the Idaho State Building Authority, some of the colleges' and universities' accounts, the Idaho Housing and Finance Association, the college and university foundations, the Idaho Individual High Risk Reinsurance Pool, the Idaho Small Employer Health Reinsurance Program, the Idaho Bond Bank Authority, the Idaho Health Insurance Exchange, some of the Public Employee Retirement System of Idaho accounts, and the Idaho Public Employees' Deferred Compensation Plan. In accordance with Idaho Code Sections 67-1210 and 67-1210A the STO invests the pooled cash not needed to meet immediate obligations in various types of investments. The pool balances are available on demand to the participants. Interest received on the pooled cash and investments is paid into the General Fund, unless Idaho statute requires allocation of interest to specific funds. The weighted average maturity of the pooled cash and investments held by the STO was 347 days.

Custodial credit risk is the risk that in the event of a financial institution failure, the State's deposits may not be returned. The State does not have a formal policy to address custodial credit risk.

Custodial Credit Risk at June 30, 2016
(dollars in thousands)

	Governmental and Business-Type Activities	Fiduciary Funds	Component Units
Bank Value of Deposits	$ 204,431	$ 28,308	$ 225,255
Uninsured and Uncollateralized Deposits	84,844	4,919	9,400
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution	49,298		2,449
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution's Trust Department or Agent, but not in the State's Name		878	

B. Investments

General Investment Policies

The Idaho Uniform Prudent Investor Act (Idaho Code Sections 68-501 through 68-514) stipulates the standard to be followed by state investment personnel. The primary focus of the Act is preservation of capital and avoidance of speculative transactions through exercise of reasonable care, skill, and caution. The goal is to provide a reasonable return while following specific objectives of various trusts. The Act may be expanded, restricted, eliminated, or altered by provisions of Idaho statute or a trust.

The STO invests idle moneys in accordance with Idaho Code Sections 67-1210, 67-1210A, and 67-2739. The STO Investment Division manages both the short-term and intermediate-term investments. Unsettled trades payable consisting of $453.3 million in U.S. government agency securities are subject to interest rate risk, credit risk, and concentration of credit risk.

Some investments are made directly by an agency rather than by the STO. Only a few agencies are authorized to make such investments and then only for specific programs. Investments are valued as described in Note 1.

Types of Investments

Idaho Code Section 67-1210 authorizes the STO and agencies with investment authority to make direct investments in the following types of investments:

- U.S. government obligations, which pledge the full faith and credit of the U.S. government
- General obligation or revenue bonds of the State or any Idaho county, city, or taxing district
- Obligations issued under the Farm Credit Act of 1971; obligations issued by the Federal National Mortgage Association and the Federal Home Loan Bank; and obligations issued or guaranteed by other agencies or instrumentalities of Idaho or of the United States, including the U.S. Small Business Administration guaranteed portion of any approved loan by an Idaho banking corporation and by the STO
- Obligations issued by public corporations of the State
- Repurchase agreements covered by any legal investment for the State
- Tax and revenue anticipation instruments of the State or Idaho taxing districts
- Time deposit and savings accounts in state depositories, state and federal savings and loan associations, or state and federal credit unions located within the boundaries of Idaho
- Revenue bonds of Idaho higher education institutions
- Money market funds whose portfolios consist of investments specified in this section and are denominated in U.S. dollars

Idaho Code Section 67-1210A authorizes the STO to enter into the following additional types of transactions:

- Prime banker's acceptances and prime commercial paper
- Sale and repurchase of call options on securities owned by the STO or the Local Government Investment Pool
- Bonds, notes, and debentures of any U.S. corporation with at least an A rating, at the time of purchase, by a nationally recognized statistical rating organization such as Standard & Poor's or Moody's

The STO manages two external investment pools, the Local Government Investment Pool (LGIP) and the Diversified Bond Fund (DBF). In order to earn a higher yield, Idaho governmental entities may voluntarily deposit moneys not needed to meet immediate operating obligations in these pools. The STO must operate and invest the funds of both pools for the benefit of the participants. Separately issued financial reports for LGIP and DBF may be obtained from the State Treasurer's Office, P.O. Box 83720, Boise, Idaho 83720-0091.

The Endowment Fund Investment Board (EFIB) manages investments of Idaho's permanent fund, the Land Endowments fund. Idaho Code Section 57-720 gives the EFIB the authority to formulate investment policies of the permanent endowment fund and earnings reserve funds. Idaho Code Section 57-723 stipulates that the EFIB and its investment managers are governed by the Idaho Uniform Prudent Investor Act and the Idaho Constitution. In addition to the investment types mentioned previously, the EFIB has approved the following types of investments:

- Collateralized mortgage obligations
- Domestic and international equities
- Non-investment grade bonds
- Exchange-traded funds
- Financial index futures, options, and certain derivatives as approved by the EFIB

The Retirement Board of the Public Employee Retirement System of Idaho (PERSI) has established a Statement of Investment Policy in accordance with Idaho Code

Sections 68-501 through 68-514 and Sections 59-1301 through 59-1399. In addition to the investments mentioned above for the STO and the EFIB, the following types of investments are approved for PERSI funds:

- Derivative instruments, specifically, swaps and forward foreign currency contracts by a few selected managers
- Private equity real estate investments in open-end and closed-end commingled real estate funds, direct real estate, publicly traded real estate investment trusts (REITs), passive REIT index funds, and other public real estate companies, private real estate companies, and real estate operating venture entities
- Alternative investments upon the recommendation of a qualified consultant after due diligence and with approval by the Board or subcommittee appointed by the Board

Fair Value of Investments

GASB Statement 72, Fair Value Measurement and Application, defines the generally accepted accounting principles required for fair value reporting. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following tables display the fair value of the state's investments at June 30, 2016:

Primary Government and Fiduciary Fund Fair Value of Investments at June 30, 2016
(Except Endowment Funds and PERSI)
(dollars in thousands)

Investment Type	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total Fair Value	Net Asset Value (NAV)	Amortized Cost	Not Rated	Total	Valuation Technique
Debt Securities:									
Money Market Funds	$ 16,939			$ 16,939			$ 3,800	$ 20,739	Market
Certificates of Deposit		$ 9,281		9,281			2,516	11,797	Market
Certificates of Deposit		2,250		2,250				2,250	Cost
Repurchase Agreements		687,741		687,741				687,741	Cost
Commercial Paper		22,988		22,988				22,988	Market
U.S. Gov't Obligations		2,012,058		2,012,058			352,858	2,364,916	Market
U.S. Gov't Agency Obligations	882	1,531,870		1,532,752			1,285	1,534,037	Market
U.S. Gov't Agency Mortgage-Backed Securities*		361,608		361,608			756	362,364	Market
U.S. Gov't Corporation Mortgage-Backed Securities*		6,498		6,498				6,498	Market
Asset-Backed Securities*		21,185		21,185				21,185	Market
Commercial Mortgages*		8,642		8,642				8,642	Market
Corporate Obligations		320,850		320,850			2,514	323,364	Market
Municipal and Public Entity Obligations							24,569	24,569	Market
Bond Mutual Funds and Other Pooled Fixed-Income Securities	385,979	23,326		409,305			15,882	425,187	Market
External Investment Pools		7,900		7,900	$ 3,107	$ 58,324	7,693	77,024	Market
Total Debt Securities	403,800	5,016,197		5,419,997	3,107	58,324	411,873	5,893,301	
Other Investments:									
Cash Equivalents included with Investments							192	192	
Equity Securities and Mutual Funds	240,662			240,662	1,469		1,789	243,920	Market
Mutual Funds							7,500	7,500	
International Equity Funds							2,956	2,956	
Sallie Mae High-Yield Savings Account							11,054	11,054	
Total	**$ 644,462**	**$5,016,197**	**$ 0**	**$5,660,659**	**$ 4,576**	**$ 58,324**	**$ 435,364**	**$6,158,923**	

*Mortgage-backed securities are reported using weighted-average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The External Investment Pool investments shown above at Net Asset Value (NAV) have no unfunded commitments and no restriction of redemption as of June 30, 2016. The redemption notice period is 5-25 days prior to last day of the month.

Endowment Funds Fair Value Measurements at June 30, 2016
Investments and Derivative Instruments Measured at Fair Value at June 30, 2016
(dollars in thousands)

	June 30, 2016 (value before accruals)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Cash and Cash Equivalents	$ 64,042	$ 64,042	
Debt Securities:			
Asset-Backed Securities	2,073		$ 2,073
Commercial Mortgage-Backed Securities	4,916		4,916
Corporate Bonds	111,731		111,731
Government Agencies	22,067		22,067
Government Bonds	159,342		159,342
Government Agency Mortgage-Backed Securities	119,120		119,120
Govt-Issued Commercial Mortgage-Backed	2,585		2,585
Index-Linked Government Bonds	75,857		75,857
Municipal/Provincial Bonds	5,135		5,135
Total Debt Securities	502,826		502,826
Equity Securities:			
Consumer Discretionary	155,104	155,104	
Consumer Staples	93,448	93,448	
Energy	74,518	74,518	
Financials	172,449	172,449	
Health Care	176,394	176,394	
Industrials	129,451	129,451	
Information Technology	240,750	240,750	
Materials	59,750	59,750	
Other	13	13	
Telecommunication Services	31,300	31,300	
Utilities	31,909	31,909	
Equity ETFs	4,724	4,724	
Total Equity Securities	1,169,810	1,169,810	
Mutual Funds:			
Emerging Markets Equities	32,502	32,502	
Derivatives:			
Futures Contracts	670	670	
Preferred Stock Securities:			
Consumer Staples	1,521	1,521	
Information Technology	2,333	2,333	
Total Preferred Stock Securities	3,854	3,854	
Total Investments by Fair Value Level	1,773,704	**$ 1,270,878**	**$ 502,826**
Investments Measured at the Net Asset Value (NAV)			
Real Estate Investment Trust (private)	36,038		
Total Investments Measured at Fair Value	**$ 1,809,742**		

The EFIB has real estate investment trust reported at NAV and invests primarily in U.S. commercial real estate. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of Plan's ownership interest in partners' capital. RREEF determines to what extent cash is available to redeem shares although in general, the fund must use all available cash flow for redemption of shares. If there is a redemption queue, cash flow that can be used to acquire new properties is restricted to the amount of redemption payments made by the RREEF Fund to satisfy outstanding redemption requests. The endowment fund receives distributions of certain income and, under limited conditions, at the discretion of the manager, the investment can be redeemed.

PERSI Fair Value Measurements at June 30, 2016
Investments and Derivative Instruments Measured at Fair Value at June 30, 2016
(dollars in thousands)

Investment Type	Fair Value at June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Technique
Short Term Securities	$ 117,642		$ 117,642		Market
Fixed Income Securities:					
U.S. Government	2,287,924	$ 2,272,790	15,134		Market
Asset backed-Securitized	338,620		337,713	$ 907	Market
Corporate	726,380		726,380		Market
Idaho Mortgages	702,650		702,650		Market
Non-U.S. Government	154,307		154,048	259	Market
Total Fixed Income Securities	4,209,881	2,272,790	1,935,925	1,166	
Equities:					
Domestic	5,540,233	5,540,233			Market
Developed Markets	2,156,333	2,156,333			Market
Emerging Markets	1,221,209	1,220,366		843	Market
Total Equities	8,917,775	8,916,932		843	
Other Investments:					
Preferred Securities	61,774	44,860	3,581	13,333	Market
Convertible or Exchangeable Securities	1,701		1,550	151	Market
Futures	(224)	(224)			Market
Mutual Funds-Defined Contribution Investment Options	60,569	60,569			Market
Total investments by fair value level*	13,369,118	**$ 11,294,927**	**$ 2,058,698**	**$ 15,493**	

* The Total Return Fund and Short Term Investment Portfolio are unitized Defined Contribution investment options included with the Equity and Fixed Income totals above.

Investments measured at the net asset value (NAV)	Fair Value at June 30, 2016	Unfunded Commitments	Redemption Frequency	Redemption Notice
Private Equity Partnerships:				
Growth Equity	$ 27,120	$ 1,432		
Corporate Finance/Buyout	711,466	412,325		
Distressed Debt	44,528	16,413		
Co/Direct Investment	58,684	33,198		
Secondaries	19,519	63,239		
Venture Capital	103,007	3,709		
Private Real Estate:				
Open Ended Co-mingled Insurance Company separate	56,196			
Affordable Housing	102,427			
Multifamily properties (Olympic)	172,885			
Value added apartments	65,298			
Office/Industrial properties	170,369			
Development properties	31,166			
Collective Funds:				
REIT Index Collective Fund	2,292		Daily	None
TIPS Index Collective Fund	451		Daily	None
US Broad Equity Market Index Collective Fund	6,905		Daily	None
Emerging Equity Market Index Fund	398		Daily	None
US Large Cap Equity Market Index Collective Fund	18,038		Daily	None
US Bond Market Index Collective Fund	10,839		Daily	None
International Equity Index Collective Fund	5,760		Daily	None
US Small/Midcap Equity Index Collective Fund	11,396		Daily	None
Sick Leave Insurance Reserve Trust Fund:				
Russell 3000 Index Co-Mingled Fund	241,353		Daily	Trade date less 2 days
Government Credit Bond Index Co-Mingled Fund	119,316		Daily	Trade date less 2 days
MSCI ACWI Ex-US Strategy Co-mingled Fund	49,957		Bi-Monthly	Trade date less 2 days
Total investments measured at the NAV	2,029,370			
Total investments measured at fair value	**$ 15,398,488**			

The PERSI has the following investments reported at Net Asset Value (NAV):

- Private Equity Partnerships are reported at the NAV and include limited partnerships invested in the following strategies: Growth Equity, Corporate Finance/Buyout, Distressed Debt, Co/Direct Investments, Secondaries, and Venture Capital. Fair value is obtained by using a valuation provided by the General Partner, adjusting for interim cash flows and rolling forward to the measurement date of the Plan. A gatekeeper is used to monitor values, cash flows, and provide due diligence for new investments. The fair values presented may differ from actual amounts realized from these investments. On average, distributions received through the liquidation of underlying assets/investments can occur over the span of 5-15 years.
- Private Real Estate are investments owned directly or with other partnership interests and are in several general categories to include Affordable Housing, Multifamily properties, Value added apartments, Office/Industrial Properties, and Development Properties and are listed with investments measured at the NAV. Each property in the Portfolio is externally appraised at a minimum every year. Appraisals are completed by third-party MAI certified appraisers. For properties not subject to an external appraisal during a quarter, internal valuations are completed by AEW (the Plan's private real estate consultant) (or Pinnacle and reviewed by AEW), based on updated operational performance at the subject property and any relevant sale comparable. A discounted cash flow analysis is utilized to determine asset value. Prior to finalizing the values, Altus (an independent professional advisory with expertise in appraisals) reviews every valuation quarterly and communicates its questions/findings to AEW before approval. The valuation of the Affordable Housing properties is calculated by a third party valuation and accounting specialist in the affordable housing industry once a year at December 31st. Development properties are initially valued at their accumulated cost amounts until completion, upon which an appraisal is done. Prudential is an open ended co-mingled insurance company separate account comprised primarily of real estate investments either directly owned or through partnership interests and mortgage and other loans on income producing real estate. Fair value is generally determined through an appraisal process that is conducted by independent appraisers within a reasonable amount of time following acquisition and no less frequently than annual thereafter. On average, distributions received through the liquidation of underlying assets/investments can occur over the span of 5-15 years.
- Collective Trust Funds are eight trust funds offered as investment options in the Defined Contribution Plan, reported at the Net Asset Value. The NAV is based on the value of the underlying investments. Collective Trusts are regulated, but not registered investment vehicles.
- Co-Mingled Funds are the investment vehicle used for the Plan's Sick Leave Insurance Reserve Trust Fund where funds are pooled from numerous plans. They are valued at net asset value of units held at the end of the period based upon the fair value of the underlying investments.

Component Unit Fair Value of Investments at June 30, 2016
(dollars in thousands)

Investment Type	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total Fair Value	Net Asset Value (NAV)	Not Rated	Total	Valuation Technique
Debt Securities:								
Money Market Funds*	$ 130,889	$ 125		$ 131,014			$ 131,014	Market
U.S. Gov't Obligations	14,810	17,209		32,019			32,019	Market
U.S. Gov't Agency Obligations	41,093	4,339		45,432		$ 20,459	65,891	Market
U.S. Gov't Agency Mortgage-Backed Securities	27,248			27,248			27,248	Market
Corporate Obligations	23,501	44,005		67,506			67,506	Market
Municipal and Public Entity Obligations	128	115		243			243	Market
Bond Mutual Funds and Other Pooled Fixed-Income Securities	11,208	23,349		34,557			34,557	Market
Total Debt Securities	248,877	89,142		338,019		20,459	358,478	
Other Investments:								
Cash Equivalents included with Investments	151			151			151	Market
Domestic Equities	60,461			60,461			60,461	Market
Foreign Equities	1,667			1,667			1,667	Market
Private Equities		6,821	$ 2,760	9,581	$ 14,995		24,576	Market
Investment Agreements	2,074			2,074			2,074	Market
Preferred Securities Without Maturity Dates:	199			199			199	Market
Equity and Income Mutual Funds	7,300	23,403		30,703			30,703	Market
Mutual Funds	158,113			158,113			158,113	Market
International Equity Funds	48,887	5,827		54,714			54,714	Market
Real Estate and Perpetual Trusts**	1,925	81	11,920	13,926		222	14,148	Market
Commodities		1,456		1,456			1,456	Market
Insurance Annuities	140	226		366			366	Market
Commingled Funds					17,867		17,867	Market
Hedge Funds	53	9,804	654	10,511			10,511	Market
Interest Rate Swaps		(471)		(471)			(471)	Market
Land Held by Endowment***			5,340	5,340	1,825		7,165	Market
Total	**$ 529,847**	**$ 136,289**	**$ 20,674**	**$ 686,810**	**$ 34,687**	**$ 20,681**	**$ 742,178**	

*Includes $0.1 million of money market funds that are reported with pooled cash and investments.
**$0.1 million valued at cost.
***$5.3 million valued at cost.

The private equity shown at NAV above are invested in real estate, venture funds and international funds. The fair values has been determined using the NAV per share. The fair value of the private equity limited partnerships have no readily ascertainable market prices. Similar to real estate, costs closely approximate fair value of recent acquisitions. Therefore, the fair value of private equity limited partnership investments are based on the valuations as presented in the funds December 31st audited financial statements. Generally, the companies within a fund are valued by the general partner, taking into account many factors such as the purchase price, estimated liquidation value, significant events like initial public offerings, bankruptcies, and additional rounds of financing, and other relevant factors. The fair value may differ significantly from the values that would have been used had a ready market for the investments existed. Although these differences could be material to the individual values, private equity only represents 5.58 percent of total investments.

The commingled funds shown at NAV above are held in an investment trust that invests in debt securities. The trust's investment objective is to outperform the Barclays U.S. Government/Credit Index. The trust may invest in out-of- benchmark securities in order to provide value and diversification

Custodial Credit Risk of Investments

Custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the value of investments or collateral securities that are in the possession of an outside party will not be recovered. The State does not have a formal policy to address custodial

credit risk. The following describes the policies and risks for those state entities that are exposed to custodial credit risk:

- The Idaho Workers' Compensation Law (Idaho Code Title 72) requires sureties to maintain a security deposit with the STO in order to write workers' compensation insurance or to be self insured. The amount of sureties that are held by the bank in the name of the insurance company and subject to custodial credit risk was $376.6 million.
- The PERSI investment policy mitigates custodial credit risk by requiring that investments, to the extent possible, be registered in the name of the PERSI and be delivered to a third-party custodian. Short-term investments are created through daily sweeps of excess cash. The PERSI had various short-term investments of $16.2 million held by various counterparties, not in the PERSI's name.
- The Boise State University Foundation does not have a formal policy that would limit its exposure to custodial credit risk. The Foundation had various investments of $101.0 million that were uninsured and held in the name of the broker.
- The University of Idaho Foundation minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to Foundation ownership and insofar as possible, be held in the Foundation's name. The Foundation had various investments of $145.8 million that were held in the name of the counterparty for benefit of the Foundation.

Interest Rate Risk of Debt Securities

Investments in debt securities that are fixed for longer periods are likely to experience greater variability in fair values due to future changes in interest rates. The State has not adopted a formal policy that addresses interest rate risk, except as follows:

- The EFIB has adopted the policy that the fixed-income weighted average of the EFIB portfolio may not exceed that of the Barclays Capital Aggregate Bond Index by more than one-half year. The separate Endowment Funds Interest Rate Risk schedule quantifies the interest rate risk of EFIB fixed-income securities.
- The PERSI manages interest rate risk using the effective duration methodology, which takes into account the options on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the PERSI fixed-income portfolios are managed in accordance with operational guidelines, which include an expected range of interest rate risk in the portfolio. Per the PERSI policy, these characteristics are established and monitored within each portfolio, with variances reported by the manager. The reporting of effective duration found in the separate schedule following the PERSI investments schedule quantifies the interest rate risk of the PERSI fixed-income assets. Some of the large durations are due to the use of options and forward foreign currency contracts.
- The Idaho Housing and Finance Association has adopted bond indentures, bond resolutions, and trust resolutions that provide investment maturities based upon the cash requirements of the Association's accounts, as determined by authorized Association investment officers. The Association's investment maturities are presented as part of the Component Units Maturity of Debt Investments at June 30, 2016.

Primary Government and Fiduciary Funds Investments and Maturities at June 30, 2016
(Except Endowment Funds, PERSI, Idaho College Savings Program, and Deferred Compensation Plan)
(dollars in thousands)

Investment Type	Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	More than 30 Years	Total Fair Value
Debt Securities:									
Money Market Funds	$ 1,452								$ 1,452
Certificates of Deposit	3,391	$ 10,656							14,047
Repurchase Agreements	687,741								687,741
Commercial Paper	22,988								22,988
U.S. Gov't Obligations	2,021,006	267,263	$ 76,646						2,364,915
U.S. Gov't Agency Obligations	1,460,228	63,327	10,482						1,534,037
U.S. Gov't Agency Mortgage-Backed Securities*	364	338,561	22,739	$ 700					362,364
U.S. Gov't Corporation Mortgage-Backed Securities*		3,650	2,848						6,498
Asset-Backed Securities*	14,158	7,028							21,186
Commercial Mortgages*	1,359	567	6,716						8,642
Corporate Obligations	104,272	160,468	57,952	672					323,364
Municipal and Public Entity Obligations	24,180	234	77	78					24,569
Bond Mutual Funds and Other Pooled Fixed-Income Securities	250,123	15,661	10,843	1,537	$ 1,211	$ 904	$ 6,460	$ 897	287,636
External Investment Pools	48,114	28,910							77,024
Total Debt Securities	**$ 4,639,376**	**$ 896,325**	**$ 188,303**	**$ 2,987**	**$ 1,211**	**$ 904**	**$ 6,460**	**$ 897**	5,736,463
Other Investments:									
Cash Equivalents included with Investments									192
Equity Securities and Mutual Funds									56,518
Mutual Funds									7,500
International Equity Funds									2,956
Total									**$5,803,629**

*Mortgage-backed securities are reported using weighted-average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

Endowment Funds Interest Rate Risk at June 30, 2016
(dollars in thousands)

Investment Type	Fair Value	Modified Duration In Years
Debt Securities:		
Barclays Capital Aggregate Bond	$ 446,738	5.50
U.S. Treasury Inflation-Protected Securities	76,115	8.20
Total Endowment Fund Debt Securities	522,853	
Other Investments:		
Equity Investments	1,236,633	
Money Market Funds	9,644	
Real Estate Investment Trust (Private)	36,038	
Total Other Endowment Fund Investments	1,282,315	
Unsettled Trades:		
Receivable for Investments Sold	(2,489)	
Payable for Investments Purchased	7,063	
Total Endowment Fund Investments	**$ 1,809,742**	

PERSI Investments at June 30, 2016
(dollars in thousands)

Investment Type	Fair Value
Domestic Fixed-Income	$ 3,201,024
Commingled Domestic Fixed-Income	119,316
International Fixed-Income	26,474
Idaho Commercial Mortgages	675,293
Short-Term Domestic Investments	404,000
Real Estate	476,658
Domestic Equities	6,087,998
Commingled Domestic Equity	241,353
International Equities	2,547,178
Commingled International Equity	49,957
Private Equity	926,779
Mutual Funds	716,996
Total PERSI Investments	**$ 15,473,026**

PERSI Effective Duration of Fixed Income Assets by Security Type at June 30, 2016
(dollars in thousands)

	Domestic Securities		International Securities		
Investment Type	**Fair Value**	**Effective Duration in Years**	**Fair Value**	**Effective Duration in Years**	**Total Fair Value**
Asset-Backed Securities	$ 5,536	0.11	$ 209	0.64	$ 5,745
Asset-Backed Securities	1,960	*	50	*	2,010
Mortgages	16,487	1.01			16,487
Mortgages	2,610	*			2,610
Commercial Paper	57,832	0.20			57,832
Corporate Bonds	854,141	7.44	1,359	2.75	855,500
Corporate Bonds	902	*			902
Fixed-Income Derivatives	79	(257.47)			79
Fixed-Income Derivatives	(75)	*			(75)
Government Agencies	73,691	2.73			73,691
Government Agencies	291	*			291
Government Bonds	761,946	7.30	25,920	6.41	787,866
Government Mortgage-Backed Securities	171,150	(0.18)			171,150
Government Mortgage-Backed Securities	13,164	*			13,164
Pooled Investments	41,225	0.08			41,225
Pooled Investments	119,316	*			119,316
Private Placements	112,147	5.83			112,147
Private Placements	122,192	*			122,192
U.S. Treasury Inflation-Protected Securities	1,508,631	7.83			1,508,631
Idaho Mortgages	702,650	*			702,650
Total PERSI Fixed Income Securities	**$ 4,565,875**		**$ 27,538**		**$ 4,593,413**

*Duration calculations for some securities are not available.

Idaho College Savings Program Investments at June 30, 2016
(dollars in thousands)

Investment Type	**Fair Value**	**Average Maturity In Years**
Money Market Funds	$ 8,139	Less than 1
Bond Funds	90,354	8
Inflation-Linked Bond Fund	17,029	2.6
International Bond Funds	41,317	9.4
Equity Funds	112,310	
International Equity Funds*	75,093	
Sallie Mae High-Yield Savings Account	11,054	
Total Idaho College Savings Program Investments	**$ 355,296**	

*Investments may be subject to foreign currency risk.

Deferred Compensation Plan Investments at December 31, 2015
(dollars in thousands)

Investment Type	Fair Value		Average Maturity In Years
Fixed Income:			
Great West Life Fixed Option	$ 33		
Idaho Retiree Fixed Fund	105,170		11.70
Nationwide Life Fixed Fund	72,636		11.70
Total Fixed Income	177,839		
Variable Income:			
American Century Heritage Fund	37,953		
Fidelity	27,594		
The Income Fund of America	15,453		6.30
Nationwide Investor Destinations Moderately Aggressive Fund	13,246		1.13
Neuberger Berman	12,109		
State Street Equity	9,121		
Nationwide Investor Destinations Moderate Fund	9,014		1.67
Dodge & Cox Stock Fund	8,725		
Nationwide Investor Destinations Aggressive Fund	8,435		0.15
Dreyfus	7,004		
Capital World	6,772	*	
Dreyfus Bond Market Index Fund	5,208		7.94
EuroPacific Growth Fund	5,118	*	
Metropolitan West Total Return Bond Fund - Class M	4,941		8.18
JPMorgan	3,966		
Van Kampen	3,925		
Dreyfus Small cap Stock Index Fund	3,916		
Templeton Foreign Fund	3,493	*	
Nationwide Destinations 2025 Fund	2,721		1.45
Nationwide Destinations 2030 Fund	2,192		0.80
Charles Schwab	1,905		
Nationwide Destinations 2020 Fund	1,670		2.00
Nationwide Destinations 2035 Fund	1,542		0.40
Nationwide Investor Destinations Moderately Conservative Fund	1,449		2.66
Legg Mason Partners	1,238		
Nationwide Investor Destinations Conservative Fund	1,149		3.58
Nationwide Destinations 2015 Fund	785		2.33
Nationwide Destinations 2040 Fund	657		0.24
Nationwide Destinations 2045 Fund	653		
Nationwide International Index Fund	429		
Nationwide Destinations 2050 Fund	336		
Nationwide Retirement Income Fund	113		5.66
Great West	24		
Carrier Suspense	1		
Waddell & Reed Advisors High Income Fund			4.90
Investment Suspense	(123)		
Total Variable Income	202,734		
Annuity Payout Options:			
DCVAII	34		
Nationwide Life	2,132		
Total Annuity Payout Options	2,166		
Life Insurance Contracts:			
Monumental Life	362		
Total Deferred Compensation Plan Investments and Life Insurance Contracts	**$ 383,101**		

All investments are unrated.

*Represents international mutual funds and are subject to foreign currency risk.

Component Units Maturity of Debt Investments at June 30, 2016
(dollars in thousands)

Investment Type	Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	More than 30 Years	Total Fair Value
Debt Securities:									
Money Market Funds*	$ 131,014								$ 131,014
U.S. Gov't Obligations	5,314	$ 22,110	$ 2,994	$ 1,524	$ 14	$ 46		$ 18	32,020
U.S. Gov't Agency Obligations	10	27,464	164	6,162	24,692	7,322		76	65,890
U.S. Gov't Mortgage-Backed Securities		54	33	409	110			26,642	27,248
Corporate Obligations	10,036	54,913	1,072	316	1,100	49		19	67,505
Municipal Obligations		30	88	19	60	33		13	243
Bond Mutual Funds	584	5,101	26,705	1,872	84		$ 191	20	34,557
Total Debt Securities	**$ 146,958**	**$ 109,672**	**$ 31,056**	**$ 10,302**	**$ 26,060**	**$ 7,450**	**$ 191**	**$ 26,788**	358,477
Other Investments:									
Cash Equivalents included with Investments									151
Domestic Equities									60,461
Foreign Equities									1,667
Private Equities									24,576
Investment Agreements									2,074
Preferred Securities Without Maturity Dates:									199
Equity and Income Mutual Funds									30,703
Mutual Funds									158,113
International Equity Funds									54,714
Real Estate and Perpetual Trusts**									14,148
Commodities									1,456
Insurance Annuities									367
Commingled Funds									17,867
Hedge Funds									10,511
Interest Rate Swaps									(471)
Land Held by Endowment***									7,165
Component Units Investments									**$ 742,178**

*Includes $0.1 million of money market funds that are reported with pooled cash and investments.
**$0.1 million valued at cost.
***$5.3 million valued at cost.

Credit Risk of Debt Securities

The risk that an issuer of debt securities or another counterparty to an investment transaction will not fulfill an obligation is commonly expressed in terms of the credit quality rating issued by a national rating organization. Investments explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality ratings. Unless otherwise stated, the ratings presented use the Moody's scale. The State does not have a formal policy to address credit risk of debt securities. The following Boards have formally adopted policies that address credit quality ratings of debt securities:

- The State Board of Education policy allows colleges and universities to invest in corporate bonds and mortgage-backed securities of A grade or better and commercial paper of prime or equivalent grade without prior Board approval.
- The EFIB investment policy states that investment grade bonds must be rated BBB (or the equivalent) or better; commercial paper must be rated A1 (or the equivalent) or better; and money market funds shall contain securities with an absolute minimum of investment grade by Standard & Poor's (S&P) or Moody's.
- The PERSI has no strict limitations for credit risk exposures. Each PERSI portfolio is managed in accordance with operational guidelines that outline expected portfolio characteristics which usually, but not always, include credit quality and exposure levels. Per the PERSI policy, these characteristics are established and monitored within each portfolio, with variances reported by the manager.
- The Idaho Housing and Finance Association policies permit investments for each bond issue in accordance with the various bond indentures and bond resolutions adopted by the Association. Program account investments are restricted to those allowed by Idaho Code Section 67-6215B or by federal regulations. The Association has adopted resolutions as policy for authorized investments in the Affordable Housing Investment Trust and the Loan Guaranty Trust. The Association has not adopted a formal policy related to the Association's business operations investments.

Primary Government and Fiduciary Funds Credit Quality Ratings of Debt Securities at June 30, 2016
(Except Endowment Funds, PERSI, and Deferred Compensation Plan)
(dollars in thousands)

Investment Type	Aaa	Aa	A	Baa	Ba	B	C	A1-P1	NP	Unrated	Fair Value
Money Market Funds*	$ 6,457	$ 1								$ 20,958	$ 27,416
Certificates of Deposit	838		$ 1,655						$ 1,453	10,101	14,047
Repurchase Agreements										687,741	687,741
Commercial Paper								$ 22,988			22,988
U.S. Gov't Agency Obligations	18,393	273,906						1,078,224		163,513	1,534,036
U.S. Gov't Agency Mortgage-Backed Securities	9,268	756								352,340	362,364
Asset-Backed Securities	13,819							7,366			21,185
Commercial Mortgages	5,406	567	2,669								8,642
Corporate Obligations	30,197	80,058	201,098	$ 12,006						5	323,364
Municipal and Public Entity Obligations	203	277	55							24,034	24,569
Bond Mutual Funds and Other Pooled Fixed-Income Securities	8,459	24,636	1,240	3,544	$ 667	$ 495	$ 138			386,008	425,187
External Investment Pools										77,024	77,024
Total	**$ 93,040**	**$ 380,201**	**$ 206,717**	**$ 15,550**	**$ 667**	**$ 495**	**$ 138**	**$ 1,108,578**	**$ 1,453**	**$ 1,721,724**	**$ 3,528,563**

*Includes $6.7 million of money market funds that are reported with cash and cash equivalents.

Endowment Funds
Credit Quality Ratings of Debt Investments at June 30, 2016
(dollars in thousands)

Investment Type	Fair Value	Average S & P Rating
Barclays Capital Aggregate Bond	$ 446,738	AA
U.S. TIPS Index	76,115	AA+
Total	**$ 522,853**	

PERSI Credit Quality Ratings of Fixed-Income Securities at June 30, 2016
(dollars in thousands)

	Investment Type		
S & P Rating Level	Domestic Securities	International Securities	Fair Value
A-1+	$ 44,872		$ 44,872
A-1	27,846		27,846
A-2	29,961		29,961
AAA	67,083	$ 3,050	70,133
AA	305,852		305,852
A	379,572	18,828	398,400
BBB	310,481	3,156	313,637
BB	15,522	1,471	16,993
B	6,059		6,059
CCC	6,592		6,592
CC	1,925		1,925
D	1,567		1,567
Not Rated	235,517	1,032	236,549
Total	**$ 1,432,849**	**$ 27,537**	**$ 1,460,386**

Component Units Credit Quality Ratings of Debt Securities at June 30, 2016
(dollars in thousands)

Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	C	D	Unrated	Fair Value
Money Market Funds*	$ 125									$130,889	$131,014
U.S. Gov't Agency Obligations	61,552	$ 4,333								6	65,891
U.S. Gov't Mortgage-Backed Securities	27,248										27,248
Corporate Obligations	4,295	25,240	$25,420	$11,718	$ 475	$ 56	$ 23		$ 7	271	67,505
Municipal Obligations	12	22	22	37	53	7	6			85	244
Bond Mutual Funds	4,508	21,314	1,038	1,103	4,708	249	2	$ 3	25	1,608	34,558
Total	**$97,740**	**$50,909**	**$26,480**	**$12,858**	**$ 5,236**	**$ 312**	**$ 31**	**$ 3**	**$ 32**	**$132,859**	**$326,460**

*Includes $0.1 million of money market funds that are reported with pooled cash and investments.

Concentration of Credit Risk

Concentration of credit risk describes the heightened exposure to loss when a considerable number of investments exist in a single issuer. The State has adopted a principle that governments should provide note disclosure when at least 5 percent of the total government investments are concentrated in any one issuer. Investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. State statute places no limit on the amount that may be invested in any one issuer.

- The State, the Idaho Potato Commission, and the colleges and universities have not adopted a formal policy to address concentration of credit risk.
- The STO investment policy limits the amount that can be invested in any one issuer. The policy may be obtained from their website at http://sto.idaho.gov.
- The Idaho Housing and Finance Association places no limit on the amount the Association may invest in one issuer.
- The Idaho Individual High Risk Reinsurance Pool's policy provides that no more than 10 percent of the short-term fund balance may be invested in the securities of any one issuer. The policy exempts the following types of investments: obligations of the U.S. government or its agencies, repurchase agreements collateralized by obligations of the U.S. government or its agencies, federally insured certificates of deposit, mutual funds, and money market mutual funds.

Primary Government and Fiduciary Funds Concentration of Credit Risk at June 30, 2016
(dollars in thousands)

Portfolio	Issuer	Fair Value	Percent of Portfolio Investments
Idaho Potato Commission:	Federal Home Loan Bank	$ 882	100.0
Idaho State Bar:	Bank of the Cascades	101	5.7
Idaho State Building Authority:	Federal Agriculture Mortgage Corporation	518	7.0
	Federal Home Loan Bank	1,006	13.0
STO Pool:	Daiwa	522,000	22.8
	Federal Agriculture Mortgage Corporation	124,750	5.5
	Federal National Mortgage Association	122,474	5.4
University of Idaho:	Federal National Mortgage Association	4,406	5.6
	Federal Home Loan Mortgage Corporation	4,551	5.8
University of Idaho Health Benefits Trust:	Federal Home Loan Banks	651	18.7
	Federal National Mortgage Association	327	9.4
	Federal Farm Credit Bank	412	11.8
	Berkshire Bank	175	5.0
	BMW Bank	175	5.0
	Cardinal Bank NA	175	5.0
	Comenity Capital	175	5.0
	First American Prime Obligation Fund C1 Y	643	18.4
	Goldman Sachs	174	5.0
	Mercantile Bank	175	5.0
	Standard Bank & Trust	250	7.2

Component Unit Concentration of Credit Risk at June 30, 2016
(dollars in thousands)

Component Unit	Issuer	Fair Value	Percent of Portfolio Investments
Idaho Housing and Finance Association:	Federal Farm Credit Bank	$ 22,466	10.6
	Federal National Mortagage Association	12,491	6.0
	Government National Mortgage Association	25,731	12.2
Petroleum Clean Water Trust:	Federal National Mortgage Association	5,862	17.2
Health Reinsurance:	Federal Home Loan Bank	12,976	63.4
	Federal National Mortagage Association	4,744	23.2
	Federal Farm Credit Bond	2,739	13.4

Foreign Currency Denominated Investments

Investments denominated in foreign currencies face a potential risk of loss in fair value from changes in currency exchange rates. The following describes the policies related to foreign currency risk for those state entities that have investments denominated in a foreign currency:

- The EFIB investment policy statement permits investing up to 21 percent of the EFIB total investments in international equities. No foreign fixed-income securities are permitted except currency.
- The PERSI investment policy provides individual manager guidelines, which outline at a minimum, a range of currency exposure. Each portfolio is monitored for currency exposure. Managers are required to report variances.

- The Lewis-Clark State College Foundation investment policy permits investments in equities and debt securities denominated in foreign currencies. The policy limits the investments in international equities to no more than 17.5 percent of the Foundation's total investment portfolio.
- The University of Idaho Foundation investment policy limits the exposure to foreign investment holdings in the portfolio.

Endowment Funds Foreign Currency Risk at June 30, 2016
(dollars in thousands)

Currency	Investment Type	Fair Value in U.S. Dollars
Australian Dollar	Equities	$ 9,645
Canadian Dollar	Equities	6,027
Danish Krone	Equities	11,408
Euro	Equities	37,311
Hong Kong Dollar	Equities	21,972
Indonesian Rupiah	Equities	1,334
Japanese Yen	Equities	29,528
Mexican Peso	Equities	2,140
Norwegian Krone	Equities	2,059
Singapore Dollar	Equities	2,583
South African Rand	Equities	2,402
South Korean Won	Equities	2,333
Swedish Krona	Equities	6,351
Swiss Franc	Equities	18,330
Thailand Thai Baht	Equities	691
U.K. Pound	Equities	44,469
Total		**$ 198,583**

PERSI Foreign Currency Risk at June 30, 2016
(dollars in thousands)

Currency	Investment Type: Short-Term Investments	Investment Type: Equities	Investment Type: Fixed Income	Fair Value of Currency in U.S. Dollars
Australian Dollar	$ 942	$ 48,475		$ 49,417
Brazilian Real	(99)	83,331	$ 1,462	84,694
Canadian Dollar	(2,736)	32,178	3,175	32,617
Chilean Peso		6,642		6,642
Chinese Yuan	(3,392)		564	(2,828)
Colombian Peso	25	2,358		2,383
Czech Koruna		861		861
Danish Krone	27	31,247		31,274
Egyptian Pound	84	1,607		1,691
Euro	(3,465)	531,137	1,224	528,896
Hong Kong Dollar	1,330	277,952		279,282
Hungarian Forint	191	10,977		11,168
Indian Rupee	1,894			1,894
Indonesian Rupiah	22	18,559		18,581
Israeli Shekel	47	4,801		4,848
Japanese Yen	874	317,933	(46)	318,761
Kenyan Shilling	(13)	2,965		2,952
Malaysian Ringgit	18	24,035		24,053
Mexican New Peso	(9,018)	38,428	12,051	41,461
Moroccan Dirham		864		864
New Taiwan Dollar	167	122,914		123,081
New Zealand Dollar	2	772		774
Norwegian Krone	54	2,671		2,725
Philippine Peso	25	14,407		14,432
Polish Zloty	(3,368)	7,540	5,353	9,525
U.K. Pound	(805)	421,734	1,706	422,635
Romanian Leu	48	151		199
Russian New Ruble	20	15,316	1,040	16,376
South African Rand		33,180		33,180
Singapore Dollar	110	70,341		70,451
South Korean Won	11	222,662		222,673
Sri Lanka Rupee	15	271		286
Swedish Krona	32	41,538		41,570
Swiss Franc	2,201	145,077		147,278
Thailand Baht	20	30,103		30,123
Turkish Lira	70	27,442		27,512
Total	**$ (14,667)**	**$ 2,590,469**	**$ 26,529**	**$ 2,602,331**

College and University Foundations
Foreign Currency Risk at June 30, 2016
(dollars in thousands)

Currency	Investment Type	Fair Value in U.S. Dollars
Australian Dollar	Equities	$ 1,771
Brazilian Real	Equities	976
Canadian Dollar	Equities	593
Chilean Peso	Equities	180
Chinese Yuan	Equities	1,668
Colombian Peso	Equities	3
Czech Koruna	Equities	1
Danish Krone	Equities	18
Euro	Equities	5,499
Hong Kong Dollar	Equities	3,076
Indian Rupee	Equities	1,458
Indonesian Rupiah	Equities	347
Israeli Shekel	Equities	146
Japanese Yen	Equities	4,073
Korean Won	Equities	1,540
Malaysian Ringgit	Equities	461
Mexican Peso	Equities	657
New Zealand Dollar	Equities	4
Norwegian Krone	Equities	250
Philippine Peso	Equities	160
Polish Zloty	Equities	192
Peruvian Nuevo Sol	Equities	1
Russian Ruble	Equities	272
Singapore Dollar	Equities	771
South African Rand	Equities	934
South Korean Won	Equities	49
Swedish Krona	Equities	386
Swiss Franc	Equities	2,506
Taiwan Dollar	Equities	1,663
Thai Baht	Equities	404
Turkish Lira	Equities	205
U.K. Pound	Equities	4,790
Other	Equities	292
Total		**$ 35,346**

Debt Investments with Terms That May Cause the Fair Value to Be Highly Sensitive To Interest Rate Changes

Mortgage-Backed Securities have a return based on the cash flows from interest and principal payments on the underlying mortgages. As a result, they are sensitive to prepayments, which are likely to occur in declining interest rate environments. To the extent possible, this prepayment risk is reflected in the interest rate risk of the portfolios by using the weighted average method to calculate interest rate risk for long-term investments and the modified duration method used by the EFIB and the PERSI.

Treasury Inflation Protected Securities (TIPS) are fixed-income securities issued by the U.S. Treasury that pay a fixed coupon rate plus an adjustment for subsequent inflation. The Endowment Funds had investments in TIPS with a fair value of $76.1 million, and the PERSI had investments in TIPS with a fair value of $1.5 billion.

The Idaho Housing and Finance Association has four U.S. agency obligations with an aggregate value of $25.0 million with call options. The Association is invested in pay-fixed, receive-variable interest rate swaps with notional amounts totaling $3.0 million, and fair value of negative $0.5 million. The Association pays fixed rate

payments between 3.730 percent and 5.548 percent and receives variable rate payments based on the Securities Industry and Financial Markets Association (SIFMA) and the London Interbank Offered Rate (LIBOR) indices.

Repurchase Agreements

Repurchase agreements are purchases of securities with simultaneous agreements to resell those same securities in the future at a higher price.

The Idaho Housing and Finance Association invests excess cash overnight in repurchase agreements that are held in the Association's account in the name of the bank and are collateralized by the U.S. government and agency obligations. The Association had repurchase agreements of $12.7 million with Wells Fargo Bank.

Securities Lending Agreements

The STO engaged in securities lending transactions during the year. A securities lending agent managed the securities lending program. For a portion of the year, the agent lent securities for cash collateral. The cash collateral can be pledged without borrower default. The securities were collateralized at no less than 102 percent of the fair value. The securities lending agreement required daily monitoring of the fair value of securities lent and collateral received. Additional collateral was obtained as necessary to meet margin requirements.

As of December 2015, the STO no longer participates in securities lending transactions per Idaho Code 67-1210B.

C. Restricted Assets

A portion of cash and investments are classified as restricted assets for governmental activities, business-type activities, and component units on the Statement of Net Position. The breakout of purpose and amount are as follows:

Primary Government and Component Units
Restricted Assets at June 30, 2016
(dollars in thousands)

Purpose	Amount
Governmental Activities:	
Restricted Cash:	
Bond Covenants	$ 149
Debt Service	44,518
Donations for Various Projects	6,560
Group Insurance Reserves	36,240
Juvenile Corrections Social Security Benefits	1,394
Legislation and Donations	7,513
Matching Fund Contributions	13,090
Millennium Permanent Endowment Fund	9
Petroleum Violation Escrow	3,540
Pollution Clean Up	7,793
The Idaho State Bar Client Assistance Fund	813
Restricted Investments:	
Debt Service	1,524
Donations for Various Projects	5,738
Legal Settlements	2,483
Legislation and Donations	28,318
Millennium Permanent Endowment Fund	248,427
Pollution Clean Up	73,181
Total Governmental Activities	**$ 481,290**
Business-Type Activities:	
Restricted Cash:	
Debt Service	$ 19,476
Idaho Lottery Dividends Payout	52,119
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	33,839
Restricted Investments:	
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	117,985
Total Business-Type Activities	**$ 223,419**
Component Units:	
Restricted Cash:	
Donations for the College and University Foundations	$ 20,205
Bond Indentures and Escrow and Reserve Deposits	175,064
Restricted Investments:	
Donations for the College and University Foundations	284,458
Total Component Units	**$ 479,727**

NOTE 3. DERIVATIVE INSTRUMENTS

Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments.

Primary Government

The Idaho State Building Authority entered into a pay-fixed interest rate contract as a cash flow hedge. The interest rate contract is determined to be an effective hedge and is reported at fair value of negative $5.6 million on the government-wide Statement of Net Position in deferred outflows of resources and in liabilities. The increase in the liability of the hedge for fiscal year 2016 was $0.2 million. The Authority contract has the following objectives and terms:

Type	Objective	Notional Amount *(in thousands)*	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate contract	Hedge of changes in cash flows on the 2008 Series A bonds	$ 31,315	12/1/2008	9/1/2025	Pay 4.3%; receive 67% of 1-month LIBOR rate	A-2/A-

The Authority is exposed to credit risk on the interest rate contract that could potentially be in an asset position.

The Authority is exposed to interest rate risk on the interest rate contract. As the one-month LIBOR Index rate decreases, the Authority's net payment on the interest rate contract increases.

The Authority is exposed to basis risk on the interest rate contract because the variable-rate payments received by the Authority on this hedging instrument are based on a rate or index other than interest rates the Authority pays on its hedged variable-rate debt, which is currently remarketed every seven days. As of June 30, 2016, the interest rate on the Authority's hedged variable-rate debt was 0.415 percent while 67 percent of the one-month LIBOR was 0.303 percent.

The Authority or its counterparty may terminate the interest rate contract if the other party fails to perform under the terms of the contract. In addition, the Authority may terminate at any time. If at the time of termination the interest rate contract is in a liability position, the Authority would be liable to the counterparty for a payment equal to the liability.

Component Units

The Idaho Housing and Finance Association has entered into multiple interest rate swap agreements to reduce the Association's overall cost of borrowing long-term capital and protect against the risk of rising interest rates. The fair value of the swaps was a negative $79.6 million and reported in other accrued liabilities on the Statement of Net Position. The Association has determined that a substantial portion of its interest rate swaps effectively hedge against changes in variable interest rates. Changes in fair value for hedge swaps are reported on the Statement of Net Position as deferred outflows of resources of $72.3 million. A portion of the interest rate swaps are considered non-effective for hedging purposes and are reported in the Statement of Revenues, Expenses, and Changes in Net Position at negative $0.5 million. The Association has the following interest rate swap agreements:

Idaho Housing and Finance Association - Hedging Derivative Instruments
Interest Rate Swap Agreements at June 30, 2016
(dollars in thousands)

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms: Fixed Rate Paid	Terms: Variable Rate Received
2003 Series A	$ 6,215	$ (1,072)	$ (11)	11/6/2008	1/1/2026	4.52%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2003 Series B	5,810	(738)	(65)	11/6/2008	7/1/2024	4.04%	SIFMA+.20%
2003 Series C	3,365	(431)	11	11/6/2008	1/1/2025	3.78%	SIFMA+.20%
2003 Series D	5,670	(1,043)	(197)	11/6/2008	7/1/2025	4.84%	SIFMA+.20%
2003 Series E	5,170	(879)	32	11/6/2008	7/1/2025	4.53%	SIFMA+.20%

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms	
						Fixed Rate Paid	Variable Rate Received
2004 Series A	$ 4,770	$ (706)	$ 63	11/7/2008	1/1/2026	4.03%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series B	5,785	(1,012)	14	11/7/2008	1/1/2027	4.37%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series C	5,985	(958)	41	11/7/2008	7/1/2025	4.33%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series D	6,955	(1,133)	(59)	11/7/2008	1/1/2028	3.85%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series A	8,075	(1,357)	(75)	11/7/2008	1/1/2029	3.90%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series B	7,875	(1,340)	(59)	11/7/2008	7/1/2028	3.99%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series C	7,990	(1,408)	(77)	11/7/2008	7/1/2028	3.73%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series D	7,800	(1,290)	(75)	11/7/2008	7/1/2028	3.87%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2005 Series E	8,260	(1,248)	(80)	11/7/2008	1/1/2029	3.93%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2005 Series F	8,580	(1,564)	(80)	11/7/2008	1/1/2029	4.10%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series A	8,435	(1,577)	(98)	11/7/2008	1/1/2029	4.10%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series B	5,930	(918)	44	11/7/2008	7/1/2025	4.35%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series C	5,715	(881)	46	11/7/2008	1/1/2025	4.36%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series D	6,665	(1,054)	59	11/7/2008	1/1/2025	4.45%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series E	7,550	(1,416)	(72)	11/22/2013	1/1/2026	5.55%	LIBOR + .80%
2006 Series F	7,680	(1,358)	(88)	11/22/2013	1/1/2026	5.32%	LIBOR + .80%
2006 Series G	7,575	(1,283)	(89)	11/22/2013	7/1/2026	5.20%	LIBOR + .80%
2007 Series A	7,920	(1,530)	(144)	11/22/2013	7/1/2026	5.37%	LIBOR + .80%
2007 Series B	9,010	(1,669)	(174)	11/22/2013	1/1/2027	5.22%	LIBOR + .80%
2007 Series C	9,435	(1,830)	(191)	11/22/2013	1/1/2027	5.31%	LIBOR + .80%
2007 Series D	10,585	(1,714)	(156)	12/20/2012	1/1/2026	4.89%	LIBOR+.71%
2007 Series E	12,815	(4,061)	(2,170)	12/20/2012	7/1/2025	4.94%	LIBOR+.71%
2007 Series F	15,955	(2,760)	(125)	12/20/2012	1/1/2025	5.28%	LIBOR+.71%
2007 Series G	24,415	(5,123)	(673)	12/20/2012	7/1/2028	5.39%	LIBOR+.76%
2007 Series H	30,000	(6,635)	(1,266)	12/20/2012	7/1/2030	5.20%	LIBOR+.76%
2007 Series I	20,235	(2,055)	1,348	12/20/2012	7/1/2028	5.14%	LIBOR+.76%
2007 Series J	25,295	(4,969)	(782)	12/20/2012	7/1/2028	5.10%	LIBOR+.76%
2007 Series K	21,770	(4,373)	(853)	12/20/2012	7/1/2030	4.93%	LIBOR+.76%
2008 Series A	21,770	(4,587)	(828)	11/22/2013	7/1/2030	5.12%	LIBOR + .80%
2008 Series B	18,775	(3,651)	(651)	11/22/2013	7/1/2029	4.98%	LIBOR + .80%
2008 Series C	12,685	(2,166)	(213)	11/22/2013	7/1/2026	5.05%	LIBOR + .80%
2008 Series D	4,755	(746)	(92)	11/22/2013	7/1/2026	4.77%	LIBOR + .80%
2000 Series F	1,450	(77)	105	11/6/2008	1/1/2018	5.30%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2000 Series G	5,800	(804)	203	11/6/2008	7/1/2021	5.25%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series A	3,065	(270)	134	11/6/2008	1/1/2020	4.76%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series B	3,480	(345)	145	11/6/2008	7/1/2020	4.87%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series C	3,340	(322)	143	11/6/2008	7/1/2020	4.86%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series D	5,605	(747)	149	11/6/2008	7/1/2022	4.73%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series E	5,605	(710)	137	11/6/2008	7/1/2022	4.53%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series F	3,635	(377)	134	11/6/2008	1/1/2021	4.70%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series A	3,810	(443)	148	11/6/2008	1/1/2021	5.02%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series B	3,840	(440)	146	11/6/2008	1/1/2021	4.95%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series C	3,850	(429)	146	11/6/2008	1/1/2021	4.89%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series D	5,850	(764)	158	11/6/2008	7/1/2022	4.71%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series E	3,855	(403)	123	11/6/2008	7/1/2021	4.48%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series F	3,975	(461)	41	11/6/2008	1/1/2018	5.30%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series G	3,975	(515)	55	11/6/2008	7/1/2021	5.25%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
	$454,410	**$ (79,642)**	**$ (5,818)**				

Idaho Housing and Finance Association - Investment Derivative Instruments
Interest Rate Swap Agreements at June 30, 2016
(dollars in thousands)

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms: Fixed Rate Paid	Terms: Variable Rate Received
2003 Series A			$ 56	11/6/2008	1/1/2026	4.52%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2003 Series B			133	11/6/2008	7/1/2024	4.04%	SIFMA+.20%
2003 Series D			250	11/6/2008	7/1/2025	4.84%	SIFMA+.20%
2003 Series E	$ 500	$ (81)	7	11/6/2008	7/1/2025	4.53%	SIFMA+.20%
2004 Series A	1,000	(147)	(44)	11/7/2008	1/1/2026	4.03%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series B	550	(96)	2	11/7/2008	1/1/2027	4.37%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series D	595	(95)	(3)	11/7/2008	1/1/2028	3.85%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series D	320	(52)	(2)	11/7/2008	7/1/2028	3.87%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
	$ 2,965	**$ (471)**	**$ 399**				

The Association was not exposed to credit risk on any outstanding swaps due to their negative fair values. The Association's counterparty has a current rating of A.

All but twenty-two of the Association's swaps have a dual basis: the SIFMA Index plus 20 basis points when the one-month LIBOR Index is less than either 3.5 percent or 4 percent (depending on the bond series) and 68 percent of the LIBOR Index when the LIBOR Index is 3.5 percent or greater. Four non-dual basis swaps have a basis of the SIFMA Index plus 20 basis points and one has a basis of the LIBOR Index plus 71 or 76 basis points (depending on the maturity date). The Association is exposed to basis risk on dual basis swaps when variable payments received are based on the LIBOR Index and do not offset the variable-rate paid on bonds, which is based on the SIFMA Index. On June 30, 2016, the SIFMA Index was 41 basis points and the one-month LIBOR Index was 46 basis points.

Rollover risk relates to a mismatch in the amortization of the swaps with the amortization of the variable-rate bonds. The Association has structured its debt such that not all variable debt is matched by interest rate swaps and calls certain variable-rate bonds independent of the expiration of the associated interest rate swap. This exposes the Association to the risk of incurring a higher interest expense than it might otherwise incur. Swap notional amounts no longer associated with variable-rate debt are reported as investment derivatives.

The Association or Barclays Capital may terminate an interest rate swap if the other party fails to perform under the terms of the contract. If any of the swaps are terminated, the associated variable-rate bonds would no longer carry synthetic fixed interest rates and the Association would be exposed to changing interest rates and incurring interest rate risk. The risk may be offset by identifying a suitable counterparty willing to enter into identical swap contracts at the termination date.

During fiscal years 2015 and 2016, the Association redeemed and reissued bonds. Though the terms of the swap contracts were not modified, the redemption and reissue did create a deemed terminating event of the swap contracts, which requires that the value of the Deferred Outflow of Resources at the date of reissuance be amortized to interest expense.

The deemed terminating event also created a deemed borrowing, the result of higher off-market contractual fixed rates paid to the Association's counterparty compared to the market rate required at the time of the defeasance and reissuance. These borrowings are amortized and credited to interest expense over the life of the swap contracts. The requirements of the accounting standard result in a dual presentation of the deferred outflows of resources at both amortized and fair values and the presentation in the deferred inflows of resources of an amount that reflects the change in the fair value of the modified contracts during the fiscal years. Interest rate swap contracts fair value defers the fair value of effectively hedged swap contracts at June 30, 2016. The fair value of effectively hedged swap positions are fully matched and deferred with this offsetting position.

Interest rate swap contracts amortized value defers the amortizing value of an implicit borrowing position created upon the refunding of variable rate debt associated with swap contracts. At the time of refunding, the swap contracts' fair value became the historical cost basis, which is amortized over the life of the swap contracts. The amortized borrowing value is fully matched and deferred with this offsetting position.

Since the current fair value of the swap contracts differs from the amortized value of the borrowing at June 30, 2016, the Association has elected to report the swap contracts' current fair value to demonstrate the full economic liability to its counterparty. The difference between current fair and amortized value is reported as a

gain or loss in the Statement of Revenues, Expenses, and Changes in Net Position. This effectively results in an historical cost position being reported at current fair value. The Association matches the duration of its swap contracts with the variable debt maturity, and therefore, does not anticipate this difference ever to be realized as a loss.

The Association entered into 40 "To Be Announced" (TBA) forward contracts in order to lock in the sales price for the securitization of qualified first mortgage single-family loans. The Association periodically enters into forward contracts to sell Government National Mortgage Association (GNMA) Mortgage Backed Securities to investors before the securities are ready for delivery. These contracts are considered investment derivatives and hedge the interest rate risk for loan commitments made to originating mortgage lenders.

Idaho Housing and Finance Association - Investment Derivative Instruments
TBA Forward Contracts at June 30, 2016
(dollars in thousands)

Contract	Notional Amount	Fair Value	Coupon Rate	Counterparty Credit Rating
April 2016	$ 5,000	$ (44)	3.50%	Aaa
April 2016	5,000	(89)	3.00%	Aaa
April 2016	5,000	(87)	3.00%	Aaa
April 2016	5,000	(87)	3.00%	Aaa
April 2016	5,000	(92)	3.00%	Aaa
April 2016	5,000	(82)	3.00%	Aaa
April 2016	5,000	(50)	3.50%	Aaa
May 2016	5,000	(72)	3.00%	Aaa
May 2016	5,000	(71)	3.00%	Aaa
May 2016	5,000	(61)	3.00%	Aaa
May 2016	5,000	(35)	3.50%	Aaa
May 2016	5,000	(55)	3.00%	Aaa
May 2016	5,000	(33)	3.50%	Aaa
May 2016	5,000	(48)	3.00%	Aaa
May 2016	5,000	(69)	3.00%	Aaa
May 2016	5,000	(46)	3.50%	Aaa
May 2016	5,000	(70)	3.00%	Aaa
May 2016	5,000	(71)	3.00%	Aaa
May 2016	5,000	(73)	3.00%	Aaa
May 2016	5,000	(44)	3.50%	Aaa
May 2016	5,000	(75)	3.00%	Aaa
May 2016	5,000	(70)	3.00%	Aaa
May 2016	5,000	(70)	3.00%	Aaa
May 2016	5,000	(68)	3.00%	Aaa
June 2016	5,000	(69)	3.00%	Aaa
June 2016	5,000	(44)	3.50%	Aaa
June 2016	5,000	(49)	3.00%	Aaa
June 2016	5,000	(48)	3.50%	Aaa
June 2016	5,000	(48)	3.00%	Aaa
June 2016	5,000	(39)	3.00%	Aaa
June 2016	5,000	(25)	3.00%	Aaa
June 2016	5,000	(40)	3.00%	Aaa
June 2016	5,000	(24)	3.00%	Aaa
June 2016	5,000	(41)	3.00%	Aaa
June 2016	5,000	(43)	3.00%	Aaa
June 2016	5,000	(43)	3.00%	Aaa
June 2016	5,000	(27)	3.50%	Aaa
June 2016	5,000	(20)	3.00%	Aaa
June 2016	5,000	(16)	3.00%	Aaa
June 2016	5,000	(6)	3.00%	Aaa
	$ 200,000	**$ (2,144)**		

NOTE 4. INTRAENTITY TRANSACTIONS

A. Interfund Balances

Interfund balances consist of the following receivables and payables *(dollars in thousands)*:

		Interfund Payables								
		General Fund	Health and Welfare	Trans-portation	Nonmajor Govern-mental	College and University	Nonmajor Enterprise	Internal Service	Pension Trust	Total
Interfund Receivables	General Fund		$ 126		$ 99	$ 961	$ 6,130	$ 22		**$ 7,338**
	Health and Welfare				13					**13**
	Transportation	$ 7			38					**45**
	Nonmajor Governmental	1	109	$ 93	205		379			**787**
	College and University	2,021	1,877	26	1,394					**5,318**
	Unemployment Compensation	72								**72**
	Nonmajor Enterprise	10	78	79	17		6			**190**
	Internal Service	87	572		90	57		10		**816**
	Pension Trust								$ 1,778	**1,778**
	Total	**$ 2,198**	**$ 2,762**	**$ 198**	**$ 1,856**	**$ 1,018**	**$ 6,515**	**$ 32**	**$ 1,778**	**$ 16,357**

Interfund receivables and payables generally consist of short-term receivables and payables for goods and services provided by one fund within the State to another and for certain statutorily required transfers due at year-end. Most balances result from the time lag between the dates that:

1) Interfund goods and services are provided or reimbursable expenditures occur.
2) Transactions are recorded in the accounting system.
3) Payments between funds are made.

B. Interfund Transfers

Interfund transfers for the fiscal year were as follows *(dollars in thousands)*:

		Transfers In							
		General Fund	Health and Welfare	Trans-portation	Nonmajor Govern-mental	College and University	Loan	Internal Service	Total
Transfers Out	General Fund		$ 648,395		$ 16,759	$ 299,234		$ 14,878	**$ 979,266**
	Health and Welfare	$ 8,348			368				**8,716**
	Transportation				17,982				**17,982**
	Land Endowments	42,693				13,980			**56,673**
	Nonmajor Governmental	83,866	265	$ 570	1,398	100	$ 2,130		**88,329**
	Unemployment Compensation	64			2,777				**2,841**
	Loan	716			608				**1,324**
	Nonmajor Enterprise	73,392	2,730		1,434				**77,556**
	Total	**$ 209,079**	**$ 651,390**	**$ 570**	**$ 41,326**	**$ 313,314**	**$ 2,130**	**$ 14,878**	**$ 1,232,687**

Interfund transfers are primarily performed for two reasons:

1) Taxes, fees, penalties, earnings, and other revenues are transferred from the agencies that initially collect them (such as the Tax Commission) to the General Fund and other funds as dictated by state law.
2) Revenues are transferred from the fund that is statutorily required to collect them to the fund that has budgetary authorization to spend them.

During fiscal year 2016 the following nonroutine transfers were made:

- $2.0 million from the General Fund to the Constitutional Defense Fund to support Legislative Council activities.
- $15.6 million from the General Fund to the State Stabilization funds.
- $11.0 million from the General Fund to the Strategic Initiatives Program Fund to support transportation projects.
- $13.1 million from the General Fund to the Employee Group Insurance Fund for the Insurance Management Program.
- $20.0 million from the General Fund to the Economic Recovery Reserve Fund for expenditures relating to the 27th Payroll for fiscal year 2017.
- $28.9 million from the Catastrophic Health Care Cost Fund to the General Fund.
- $8.0 million from the General Fund to the Legislative Legal Defense Fund.
- $1.8 million from the General Fund to the Idaho Opportunity Fund.

C. Significant Transactions with Related Parties

The primary government had the following transactions with the Idaho Housing and Finance Association (IHFA):

- The Transportation fund has notes payable in the amount of $592.1 million to the IHFA for bonds issued on their behalf for transportation infrastructure projects.

The Housing Company, a component unit of the IHFA, owes the IHFA $8.1 million for notes payable secured by real property.

Boise State University (BSU) leases two buildings from the BSU Foundation (BSUF); the remaining lease payments total $4.9 million. At the expiration of the leases, the BSUF will either donate the buildings or continue to lease the buildings for $1 per year.

During fiscal year 2016 the college and university foundations distributed $47.5 million to the respective colleges and universities for support of academic and athletic programs.

During fiscal year 2016 the State purchased workers compensation insurance coverage from the State Insurance Fund, a related party, in the amount of $11.7 million.

NOTE 5. NONCURRENT RECEIVABLES

The Accounts Receivable, Taxes Receivable, Due from Other Entities, Due from Primary Government, and Loans, Notes, and Pledges Receivable line items on the government-wide Statement of Net Position contain aggregated current and noncurrent receivable balances net of allowances for doubtful accounts. The following tables disaggregate the noncurrent receivables balances for the primary government and component units.

Noncurrent interfund receivables are discussed in Note 4.

Noncurrent Receivables - Primary Government
(dollars in thousands)

	Governmental Activities			Business-Type Activities	
	General Fund	Trans-portation	Nonmajor Governmental	College and University	Loan
Accounts Receivable	$ 93		$ 6,342		
Taxes Receivable	110,810		2		
Loans and Notes Receivable	879	$ 256	2,845	$ 21,391	$ 345,959
Total Noncurrent Receivables	111,782	256	9,189	21,391	345,959
Less: Allowance for Doubtful Accounts					
Accounts Receivable	(52)		(3,113)		
Taxes Receivable	(720)				
Loans and Notes Receivable				(2,985)	
Total Noncurrent Receivables, Net	$ 111,010	$ 256	$ 6,076	$ 18,406	$ 345,959

	Noncurrent Receivables - Component Units (dollars in thousands)		
	Idaho Housing and Finance Association	College and University Foundation	Idaho Bond Bank Authority
Due from Primary Government	$ 604,328	$ 4,266	
Pledges Receivable		25,244	
Loans and Notes Receivable	570,847	239	$ 337,523
Total Noncurrent Receivables	1,175,175	29,749	337,523
Less: Allowance for Doubtful Accounts			
Due from Primary Government		(314)	
Pledges Receivable		(4,210)	
Loans and Notes Receivable	(4,320)		
Total Noncurrent Receivables, Net	$ 1,170,855	$ 25,225	$ 337,523

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows *(dollars in thousands)*:

Primary Government Governmental Activities:	Balances at July 1, 2015 As Restated*	Increases	Decreases	Balances at June 30, 2016
Capital Assets not Being Depreciated:				
Land and Land Use Rights	$ 1,075,249	$ 13,419	$ (2,837)	$ 1,085,831
Capital Assets in Progress	940,527	183,003	(76,621)	1,046,909
Infrastructure	2,654,013	45,397	(3,814)	2,695,596
Historical Art and Collections	122			122
Total Capital Assets not Being Depreciated	4,669,911	241,819	(83,272)	4,828,458
Capital Assets Being Depreciated:				
Buildings and Improvements	983,069	12,556	(556)	995,069
Improvements Other Than Buildings	111,406	5,120	(183)	116,343
Machinery, Equipment, and Other	628,823	68,053	(31,520)	665,356
Infrastructure	1,096,021			1,096,021
Total Capital Assets Being Depreciated	2,819,319	85,729	(32,259)	2,872,789
Less Accumulated Depreciation for:				
Buildings and Improvements	(387,921)	(22,511)	437	(409,995)
Improvements Other Than Buildings	(44,733)	(5,048)	180	(49,601)
Machinery, Equipment, and Other	(377,451)	(59,730)	18,241	(418,940)
Infrastructure	(251,371)	(16,226)		(267,597)
Total Accumulated Depreciation	(1,061,476)	(103,515)	18,858	(1,146,133)
Total Capital Assets Being Depreciated, Net	1,757,843	(17,786)	(13,401)	1,726,656
Governmental Activities Capital Assets, Net	**$ 6,427,754**	**$ 224,033**	**$ (96,673)**	**$ 6,555,114**

* Beginning balances were restated due to prior period adjustments.

Depreciation expense was charged to functions of governmental activities as follows *(dollars in thousands)*:

Governmental Activities:	
General Government	$ 14,454
Public Safety and Correction	10,949
Health and Human Services	21,113
Education	3,184
Economic Development	40,027
Natural Resources	12,229
In addition, depreciation on capital assets held by the State's internal service funds is charged to the various functions based on their usage of the assets	1,559
Total Accumulated Depreciation Increase for Governmental Activities	**$ 103,515**

Business-Type Activities:	**Balances at July 1, 2015**	**Increases**	**Decreases**	**Balances at June 30, 2016**
Capital Assets not Being Depreciated:				
Land and Land Use Rights	$ 128,816	$ 1,045		$ 129,861
Capital Assets in Progress	21,084	35,726	$ (11,485)	45,325
Historical Art and Collections	2,348	68	(20)	2,396
Total Capital Assets not Being Depreciated	152,248	36,839	(11,505)	177,582
Capital Assets Being Depreciated:				
Buildings and Improvements	1,435,392	34,235	(2,075)	1,467,552
Improvements Other Than Buildings	73,245	813		74,058
Machinery, Equipment, and Other	452,945	30,614	(13,905)	469,654
Total Capital Assets Being Depreciated	1,961,582	65,662	(15,980)	2,011,264
Less Accumulated Depreciation for:				
Buildings and Improvements	(547,036)	(38,557)	1,956	(583,637)
Improvements Other Than Buildings	(42,208)	(2,616)		(44,824)
Machinery, Equipment, and Other	(348,720)	(27,685)	13,003	(363,402)
Total Accumulated Depreciation	(937,964)	(68,858)	14,959	(991,863)
Total Capital Assets Being Depreciated, Net	1,023,618	(3,196)	(1,021)	1,019,401
Business-Type Activities Capital Assets, Net	**$ 1,175,866**	**$ 33,643**	**$ (12,526)**	**$ 1,196,983**

Interest incurred during construction is capitalized in enterprise funds. The total cost of interest incurred during the fiscal year was $19.6 million, of that $1.1 million was capitalized.

Component Units:	Balances at July 1, 2015	Increases	Decreases	Balances at June 30, 2016
Capital Assets not Being Depreciated:				
Land	$ 8,194	$ 1,400	$ (2,441)	$ 7,153
Capital Assets in Progress	2,077	12,678	(99)	14,656
Intangible Assets	12			12
Total Capital Assets not Being Depreciated	10,283	14,078	(2,540)	21,821
Capital Assets Being Depreciated:				
Buildings and Improvements	70,416	9,854	(2,160)	78,110
Improvements Other Than Buildings	302	309	(83)	528
Machinery, Equipment, and Other	41,197	2,868	(406)	43,659
Total Capital Assets Being Depreciated	111,915	13,031	(2,649)	122,297
Less Accumulated Depreciation for:				
Buildings and Improvements	(38,519)	(2,600)	1,710	(39,409)
Improvements Other Than Buildings	(232)	(12)	83	(161)
Machinery, Equipment, and Other	(11,391)	(8,270)	399	(19,262)
Total Accumulated Depreciation	(50,142)	(10,882)	2,192	(58,832)
Total Capital Assets Being Depreciated, Net	61,773	2,149	(457)	63,465
Component Unit Activities Capital Assets, Net	**$ 72,056**	**$ 16,227**	**$ (2,997)**	**$ 85,286**

NOTE 7. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The Deferred Outflows of Resources and Deferred Inflows of Resources line items on the government-wide Statement of Net Position and governmental funds Balance Sheet contain aggregated types of deferrals.

The following tables disaggregate the deferrals.

See Note 3 for further details regarding derivative-related deferrals and Note 8 for pension-related deferrals.

A. Deferred Outflows of Resources – Government-Wide *(dollars in thousands)*

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Debt Defeasance	$ 4,460	$ 11,849	
Hedging Derivatives			
Interest Rate Swap Contracts - Amortized			$ 40,529
Interest Rate Swap Contracts - Fair Value	5,633		31,758
Pension-Related			
Contributions Subsequent to Measurement Date	70,174	13,809	
Proportionate Share	128,488	22,868	
Total Deferred Outflows of Resources	$ 208,755	$ 48,526	$ 72,287

B. Deferred Inflows of Resources – Government-Wide *(dollars in thousands)*

	Primary Government	
	Governmental Activities	Business-Type Activities
Debt Defeasance		$ 20
Imposed Nonexchange Revenue	$ 4,343	
Nonexchange Transactions		726
Pension-Related		
Proportionate Share	189,036	37,074
Total Deferred Inflows of Resources	$ 193,379	$ 37,820

C. Deferred Inflows of Resources – Governmental Funds *(dollars in thousands)*

	Governmental Funds			
	General	Health and Welfare	Transportation	Nonmajor Governmental
Imposed Nonexchange Revenue				$ 4,343
Unavailable Revenue	$ 184,053	$ 120,684	$ 3,479	18,220
Total	$ 184,053	$ 120,684	$ 3,479	$ 22,563

NOTE 8. PENSION PLANS

A. Summary of Plans Administered by the Public Employee Retirement System of Idaho

General

The Public Employee Retirement System of Idaho (PERSI) administers the PERSI Base Plan, the Judges' Retirement Fund (JRF), the Firefighters' Retirement Fund (FRF), and two defined contribution retirement plans. A retirement board appointed by the Governor and confirmed by the State Senate manages the PERSI, which includes selecting the funding agents, establishing funding policy, and setting contribution rates. The PERSI issues a publicly available financial report that includes financial statements and required supplementary information. (http://www.persi.idaho.gov/investments/annual_financial_report.cfm). The PERSI also provides a 'Schedule of Employer Allocations and Collective Pension Amounts' for the Base Plan and the FRF. (http://www.persi.idaho.gov/employers/GASB.cfm)

Summary of Significant Accounting Policies

The PERSI basic financial statements are prepared using the economic resource measurement focus and accrual basis of accounting. Employee and employer contributions are recognized as additions to net position when due and receivable; investment income is recognized when earned; and benefit payments, refunds, and other expenses are recorded when the benefits are due and payable in accordance with the plans' terms.

Investments are presented at fair value. Purchases and sales are recorded at the trade date. The fair value of investments is based on published market prices and quotations from major investment brokers when available. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments of matching duration. The fair value of real estate investments is based on industry practice. For recent acquisitions, cost closely approximates fair value. The fair value of longer-term real estate investments has been estimated based on the PERSI's consultant assessments and/or independent appraisals. Short-term investments are reported at fair value when published market prices and quotations are available, or at cost plus accrued interest, which approximates fair value. The fair values of private equity limited partnership investments by their nature have no readily ascertainable market prices. Similar to real estate, cost closely approximates fair value for recent acquisitions. Thereafter, the fair values of limited partnership funds are based on the valuations as presented by the general partner, approved by the funds' advisory committee, and reviewed by consultants. Investments of the PERSI Base Plan, JRF, and FRF are pooled for investment purposes.

Actuarial Assumptions

The last actuarial valuation was performed as of June 30, 2015, for the Base Plan and FRF; and as of July 1, 2016, for the JRF.

The entry age normal cost method and the following actuarial assumptions applied to all periods included in the measurement:

	Base Plan	JRF
Inflation	3.25%	3.25%
Salary Increases	4.25-10.00%	3.75%
Salary Inflation	3.75%	3.75%
Investment Rate of Return (Net of pension plan investment expense)	7.10%	7.10%
Cost of Living Adjustments	1.00%	1.00% or 3.75%

Mortality Rates

Base Plan actuarial assumptions were based on an experience study performed in 2012 for the period July 1, 2007, through June 30, 2011; the study reviewed all economic and demographic assumptions other than mortality. JRF actuarial assumptions were based on the results of a 2014 experience study for the period July 1, 2009, through July 1, 2013. Mortality and all economic assumptions for both the Base Plan and JRF were studied in 2014 for the period July 1, 2009, through June 30, 2013.

Mortality rates were based on the RP-2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back three years for teachers (Base Plan)
- No offset for male fire and police (Base Plan)
- Forward one year for female fire and police (Base Plan)
- Set back one year for all general employees and all beneficiaries (Base Plan)
- Set back one year for males and females (JRF)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The PERSI used Callan Associates capital market assumptions as of January 1, 2014, for the Base Plan and as of January 1, 2016, for the JRF in analyzing asset allocation. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Long-term expected rates of return on investments are shown below:

Base Plan Long-Term Expected Rate of Return

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return*
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad U.S. Equities	Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI ACWI ex USA	15.00%	7.55%
*Arithmetic Return			
Actuarial Assumptions			
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Geometric Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			**7.10%**

JRF Long-Term Expected Rate of Return

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return*
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad U.S. Equities	Wilshire 5000 / Russell 3000	55.00%	6.35%
Developed Foreign Equities	MSCI EAFE	15.00%	7.30%
*Arithmetic Return			
Actuarial Assumptions			
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.08%
Portfolio Standard Deviation			12.59%
Portfolio Long-Term Expected Geometric Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			**7.10%**

Discount Rate

The actuary used a discount rate of 7.1 percent to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the Base Plan's and JRF's net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

1. PERSI Base Plan

Plan Description

Organization and Purpose

The PERSI Base Plan is a cost-sharing, multiple-employer defined benefit retirement plan. The Base Plan is governed by Idaho Code Title 59 Chapter 13.

Membership

State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivisions contribute to the PERSI Base Plan. Participation is mandatory for state employees who normally work 20 or more hours a week for 5 or more consecutive months. The number of participating employer units is 775.

Benefits

The annual service retirement allowance for each month of credited service is 2 percent (2.3 percent for police/firefighters) of the average monthly salary for the highest consecutive 42 months. In addition, benefits are provided for disability or death, and to survivors of eligible members or beneficiaries. Members are eligible for retirement benefits upon attainment of the age specified for their employment classification or a combination of age plus service.

The benefit payments are calculated using a benefit formula adopted by the Idaho Legislature. The PERSI Base Plan is required to provide a 1 percent minimum cost of living increase per year on the condition the Consumer Price Index increases 1 percent or more. The PERSI Retirement Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6 percent, whichever is less; however, any amount above the 1 percent minimum is subject to approval by the Legislature.

Funding Policy

Funding and Contributions

Funding policy for the PERSI Base Plan is determined by the Board as defined by Idaho law. The Board may make periodic changes to employer and employee contributions, based upon actuarially-determined rates, that are adequate to accumulate sufficient assets to pay benefits when due. Actuarially-determined rates are expressed as percentages of annual covered payroll.

Level percentages of payroll normal costs are determined using the entry age normal cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The PERSI Base Plan amortizes any net pension liability based on a level percentage of payroll. The

maximum amortization period permitted under Idaho Code Section 59-1322 is 25 years. Service cost is 13.72 percent of covered payroll.

Contributions from members and employers, in addition to earnings from investments, fund the PERSI Base Plan benefits. Member and employer contributions are percentages of member compensation. As defined by state law, the member contribution rate is a percentage of the employer contribution rate. Employer contribution rates are recommended by periodic actuarial valuations and are subject to the approval of the PERSI Retirement Board and limitations set forth in state statute. Contributions are based on actuarial assumptions, benefit formulas, and employee groups of the PERSI. Costs of administering the plans are financed through the contributions and investment earnings of the System.

Contribution rates for the year:

Employee Group	Employer	Employee
General	11.32%	6.79%
Police and Fire	11.66%	8.36%

Employer contributions required and paid were $84.2 million and $81.8 million for the fiscal years ended June 30, 2016 and 2015, respectively.

Although enrollees in the College and University Optional Retirement Plan no longer belong to the PERSI, the colleges and universities are required to contribute to the PERSI Base Plan through July 1, 2025. The contribution rate for the year was 1.49 percent for colleges and universities.

Vesting
After five years of credited service (five months for elected or appointed officials) members become fully vested in retirement benefits earned to date. Upon termination of employment, accumulated member contributions plus interest are refundable. The interest was compounded monthly per annum and accrued at 15.04 percent from July 1, 2015, through December 31, 2015, and at 2.39 percent from January 1, 2016, through June 30, 2016. Withdrawal of such accumulated contributions results in forfeiture of the member's accrued benefit; however, state law does include provisions for reinstatement of forfeited service upon repayment of the accumulated contributions plus interest.

Net Pension Liability, Pension Expense, and Deferrals

At June 30, 2016, the total net pension liability amount for all employers that contributed to the Base Plan was $1.3 billion. At June 30, 2016, the State recognized a $339.5 million liability (25.8 percent proportion of the collective net pension liability), measured at June 30, 2015, a 0.3 percent increase from its proportion measured at June 30, 2014. Employer proportionate shares were determined utilizing a single-period measure of contributions as of June 30, 2015. The State also recognized a $68.6 million pension expense and the following deferred outflows of resources and deferred inflows of resources:

PERSI Base Plan
as of June 30, 2016
(dollars in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience		$ 40,704
Changes of assumptions	$ 12,366	
Changes in proportion	8,989	4,714
Net difference between projected & actual investment earnings	124,963	178,309
Contributions subsequent to the measurement date	84,195	
Total	$ 230,513	$ 223,727

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense (revenue) as follows (*dollars in thousands*):

Amortized Deferrals	
Fiscal Year	Expense (Revenue)
2017	$ (33,880)
2018	(33,880)
2019	(33,880)
2020	26,230
2021	(1,999)
Total	**$ (77,409)**

Discount Rate Sensitivity

The following presents the net pension liability of the State calculated using the expected discount rate of 7.1 percent and discount rates based upon a 1 percent discount rate decrease and a 1 percent discount rate increase (*dollars in thousands*):

	Current	
1% Decrease (6.1%)	Discount Rate (7.1%)	1% Increase (8.1%)
$ 827,015	$ 339,548	$ (65,717)

2. Judges' Retirement Fund

Plan Description

Organization and Purpose
The Judges' Retirement Fund (JRF) is a single-employer defined benefit retirement plan, which provides retirement benefits for Idaho Supreme Court justices, court of appeals judges, and district court judges. The JRF is managed by PERSI and is governed in accordance with Idaho Code Title 1 Chapter 20.

Membership and Vesting
Members become fully vested in their retirement benefits after four years of credited service. If a member terminates from the retirement plan prior to four years of service, the member's contributions plus 6.5 percent per annum will be returned. Members are eligible for retirement benefits upon meeting one of the following criteria:

- Attainment of age 65 and a minimum of 4 years of service
- Attainment of age 60 and a minimum of 10 years of service
- Attainment of age 55 and a minimum of 15 years of service
- After 20 years of service

The JRF has 94 retired members or beneficiaries collecting benefits, 3 terminated members entitled to, but not yet receiving benefits, and 53 active members.

Benefits
The benefit structure is based on each member's years of service and compensation. In addition, benefits are provided for disability or death, and to survivors of eligible members. The benefit payments for the JRF are calculated using a benefit formula adopted by the Idaho Legislature, effective July 1, 2000. Members serving prior to July 1, 2000, and members who assumed office on or after July 1, 2012, and attained both the age of 55 years and a minimum service of 15 years, are paid under Option A. Other members serving on or after July 1, 2000, who meet one of the remaining eligibility requirements referenced earlier, may choose between two benefit payment options, A or B. Both options are based upon current annual compensation of the highest office in which the member served, with benefits for Option A accumulating as follows:

> For the first 10 years of service benefits are credited at 5 percent per year of the member's compensation. For the remaining years of service, benefits are credited at 2.5 percent per year of the member's compensation.

In addition to the above benefits, Option B includes:

> Benefits credited at 12.5 percent per year for senior judges with five years of service.

The maximum benefit is 75 percent of compensation. Additionally, members who begin service on or after July 1, 2012, are eligible to receive annual inflationary adjustments to calculated benefits in accordance with Idaho Code Section 59-1355. After four years of credited service, any member retiring by reason of disability will be entitled to benefits calculated using Option A. Upon the death of retired or sitting members who assumed office prior to July 1, 2012, surviving spouses will be entitled to benefits equal to 50 percent of the member's calculated benefit. Surviving spouses of members who assumed office on or after July 1, 2012, are entitled to benefits equal to 30 percent of the member's calculated benefit.

Summary of Significant Accounting Policies

Generally speaking, significant accounting policies, actuarial assumptions, and discount rate information are the same as detailed for the PERSI. This information can be found at the beginning of this note.

Contribution Requirements

The JRF's benefits are funded by contributions from members and the Judicial Department and earnings from investments. Costs of administering the JRF are financed through the contributions and investment earnings of the JRF.

Members and the Department contribute to the JRF during the members' first 20 years of employment. Member and Department contributions are a percentage of member compensation as defined by state law. The JRF policy provides for Department and member contributions at 55.3 percent and 10.2 percent, respectively, of annual covered payroll. The payroll for members covered by the JRF was approximately $6.1 million for the fiscal year. Service cost is 51 percent of covered payroll.

Investments

Policies and Procedures
The Board utilizes and directs individual fund managers to provide whatever investment management and custodial functions the Board has determined best achieves the System's investment objectives. Each fund manager is generally granted full discretion in making investment decisions within asset allocation policy, portfolio investment policy, specific investment guidelines, and other special restrictions set by contract with the Board. The Board monitors overall investment performance and periodically evaluates the performance of each fund manager. The Board is empowered in its sole discretion to limit, control, and designate the types and amounts of investments.

Rate of Return
For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 1.51 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Net Pension Liability, Pension Expense, and Deferrals

Net Pension Liability
Net pension liability components as of the measurement date of June 30, 2016 (*dollars in thousands*):

Total Pension Liability	$ 99,229
Plan Fiduciary Net Position	(75,449)
Net Pension Liability	$ 23,780
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.03%
Covered Payroll	$ 6,097
Net Pension Liability as a Percentage of Covered Payroll	390.01%

Changes in net pension liability for the fiscal year ended June 30, 2016 (*dollars in thousands*):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning Balances	$ 96,852	$ 76,468	$ 20,384
Changes for the Year			
Service Cost	3,111		3,111
Interest	6,889		6,889
Benefit Changes			
Economic/Demographic Gains (Losses)	(1,648)		(1,648)
Assumptions Changes			
Benefit Payments, Including Refunds	(5,975)		(5,975)
Contributions - Employer		3,371	(3,371)
Contributions - Employee		624	(624)
Net Investment Income		1,094	(1,094)
Transfer In			
Benefit Payments, Including Refunds		(5,975)	5,975
Administrative Expense		(133)	133
Net Changes	2,377	(1,019)	3,396
Ending Balances	**$ 99,229**	**$ 75,449**	**$ 23,780**

Pension Expense and Deferrals
The State recognized a $5.1 million pension expense and the following deferrals for the fiscal year ended June 30, 2016:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience	$ 73,834	$ 988,553
Changes of assumptions		
Net difference between projected & actual investment earnings	5,378,918	
Contributions subsequent to the measurement date		
Total	$ 5,452,752	$ 988,553

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense (revenue) as follows:

Year	Expense (Revenue)
2017	$ 923,721
2018	1,179,406
2019	1,508,921
2020	852,151
2021	0
	$ 4,464,199

Discount Rate Sensitivity

The following presents the net pension liability of the JRF calculated using the discount rate of 7.1 percent as well as what the employer's liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate as of June 30, 2016 (*dollars in thousands*):

1% Decrease (6.1%)	Current Discount Rate (7.1%)	1% Increase (8.1%)
$ 33,772	$ 23,780	$ 15,227

3. Firefighters' Retirement Fund

Plan Description

The FRF is a closed cost-sharing multiple-employer defined benefit retirement plan. The FRF is governed by Idaho Code Title 72 Chapter 14. The FRF is administered by the PERSI, which is part of the primary government. However, the State does not employ firefighters participating in the FRF; therefore, no employer costs are disclosed. Twenty-two employer units, all consisting of local fire departments, participated in the FRF. The significant accounting policies are the same as detailed for the PERSI. Complete FRF disclosures may be found in the PERSI financial statements.

4. Defined Contribution Retirement Plans

Plan Description

Organization and Purpose
The defined contribution retirement plans include the 401(k) and the 414(k). The plans are governed by Idaho Code Title 59 Chapter 13. The 414(k) plan was established for gain-sharing allocations from the PERSI Base Plan. The gain-sharing amount (if any) is based on funding levels in the PERSI Base Plan and is subject to board approval.

Membership
The 401(k) plan is open to all active PERSI Base Plan members. Eligibility for the 414(k) gain sharing requires 12 months of active PERSI membership as defined in Idaho statutes and PERSI rules. The plans have 775 employer units eligible to have participating employees.

Summary of Significant Accounting Policies

The assets of the 401(k) and the 414(k) plans are commingled for investment and recordkeeping purposes. The other significant accounting policies are the same as for the PERSI.

Funding Policy

Contributions
Employees in the 401(k) plan can make tax-deferred contributions up to 100 percent of their gross salary, less deductions, and subject to the IRS annual contribution limit; employees are immediately vested. Participants direct their investment mix with limited restrictions and may elect to change their salary deferrals. Additionally, the 401(k) plan is open to voluntary employer matching contributions at rates determined by the employers. Employers (participants) in the plans contributed $4.8 ($45.3) million, $5.2 ($42.9) million, and $14.2 ($39.1) million during fiscal years 2016, 2015, and 2014, respectively.

B. Other State-Sponsored Retirement Plans

1. College and University Optional Retirement Plan

Plan Description

Organization and Purpose

Effective July 1, 1990, the State Legislature authorized the Idaho State Board of Education to establish the Optional Retirement Plan (ORP), a defined contribution plan for college and university faculty and exempt employees. The ORP is governed by Idaho Code Sections 33-107A and 33-107B and administered by the Idaho State Board of Education. Vendor options include Teachers' Insurance and Annuity Association (TIAA) and Variable Annuity Life Insurance Company (VALIC). TIAA and VALIC may be reached at (888) 842-7782 and (888) 478-7020, respectively.

Membership

Faculty and exempt employees hired July 1, 1990, or thereafter, automatically enroll in the ORP and select their vendor option. Faculty and exempt employees hired before July 1, 1990, had a one-time opportunity to enroll in the ORP.

Funding Policy

Contributions and Vesting

The employee contribution requirement for the ORP is based on a percentage of total payroll. Employer contributions are determined by the State. The contribution requirement and amount paid for the fiscal year was $47.7 million, which consisted of $27.2 million from the colleges and universities and $20.5 million from employees.

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age.

2. Department of Labor Retirement Plan

Plan Description

Organization and Purpose

This stand-alone, defined benefit, insured retirement plan provides retirement benefits for certain employees (and their beneficiaries) of the Idaho Department of Labor hired prior to October 1, 1980, excluding anyone hired after age 65. The Plan is governed by Idaho Code Section 72-1335 and U.S. Department of Labor Rules and Regulations. The Labor Retirement Plan is administered by the Idaho Department of Labor, which may be reached at (208) 332-3570.

Membership

As of September 30, 2015, the number of Idaho Department of Labor members and actual benefit recipients are as follows:

Retirees and Beneficiaries	321
Inactive Participants	2
Current Active Employees	7
Total	330

Benefits

Retirement benefit payments are calculated using a benefit formula established in the Plan. This monthly benefit is payable for life, through an annuity purchased for each retired employee from Prudential Insurance Company, with 120 payments guaranteed to the annuitant or their survivor. Upon the purchase of an annuity, Prudential assumes the risk for the insured benefit and has guaranteed to pay benefits in the event the trust funds are depleted. The Plan provides that the contributions paid by the employer to Prudential are in complete discharge of the employer's financial obligation under the Plan. At September 30, 2015, the last actuarial valuation date, no unfunded liability existed. The normal service retirement allowance is the average annual salary for the highest three consecutive years times 2 percent for each year of credited service.

As of September 30, 2015, the present value of future retirement benefits is $93.1 million. The actuary assumed a 5 percent average rate of return in determining the actuarial present value of accumulated plan benefits. Net position available for benefits (at fair value) is $174.7 million.

Funding Policy

Contributions

Since September 30, 1997, plan assets have exceeded the actuarial present value of future benefit payments for all members. In accordance with plan requirements, employees continued to contribute 7 percent of payroll even though contributions were not actuarially needed to finance future benefits. However, in August 1999, the U.S. Department of Labor approved a plan change to allow the plan actuary to determine the employee contribution rate. Employee contributions have since been suspended through September 30, 2016, consistent with recent actuarial valuations. The current valuation certified that the total contribution rate should remain at zero through September 30, 2017. Total employer contribution for federal fiscal year 2016 was zero.

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Summary of Plans

The Department of Administration administers postemployment benefits for healthcare, disability, and life insurance for retired or disabled employees of state agencies, public health districts, community colleges, and other political subdivisions that participate in the plans. The Retiree Healthcare and Long-Term Disability plans are reported as agent multiple-employer defined benefit plans. The Retiree Life Insurance plan is a single-employer defined benefit plan. Idaho Code Sections 67-5760 to 67-5768 and 72-1335 establish the benefits and contribution obligations. The plans do not issue publicly available financial reports. The most recent actuarial valuation is as of July 1, 2014. No assets have been set aside to pay future benefits; these benefits are funded on a pay-as-you-go basis. The costs of administering the plans are financed by a surcharge to employers on all active employees, $0.11 per person per month for fiscal year 2016. This rate is reviewed annually.

Each of the employers participating in the plans is required by GASB Statement No. 45 to disclose additional information regarding funding policy, the employer's annual Other Post-Employment Benefits (OPEB) cost and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

The University of Idaho administers a single-employer defined benefit plan which provides medical, dental, and life insurance. The benefits may be amended by the University or the State Board of Education. The University issues a publicly available financial report which includes financial statements and required supplementary information for these benefits. The report may be obtained by writing to Office of the General Counsel, University of Idaho, 875 Perimeter Drive, MS 3158, Moscow, ID 83844-3158. The plan obligations are actuarially determined. The most recent actuarial valuation is as of July 1, 2015. The University established a trust to fund the medical and dental portions of these benefits. The trust statements are for the fiscal year ended December 31, 2015. The cost of administering the medical and dental portions of the plan is included in medical claim costs; the life insurance portion is financed by a 10 percent surcharge.

The number of participating employers and the classes of employees covered by the above plans are as follows:

Classes of Employees and Number of Participating Employers

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
		Healthcare	Life Insurance	Income		
Active Employees	11,369	19,153	19,153		5,352	1,938
Retired/Disabled Employees	800	171	516	86	1,409	681
Terminated, Vested Employees					104	
Number of Participating Employers	26	26	26	26	1	1

Plan Descriptions and Funding Policy

Retiree Healthcare Plan

A retired officer or employee of a state agency, department, institution, or other political subdivision, including an elected official, who receives monthly retirement benefits from the Public Employee Retirement System of Idaho (PERSI) may elect to purchase retiree health insurance coverage for themselves and eligible dependents. Employees must enroll within 60 days of the date that the active employee policy ends. Additionally, the employee must be receiving monthly PERSI benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An officer or employee must have been an active employee on or before June 30, 2009, and must retire directly from State service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The maximum benefit is $1,860 per retiree per year. In fiscal year 2016, retired plan members contributed 64 percent of the total premium cost, and employers were charged $13.39 per active employee per month towards the retiree premium cost, or 36 percent of the total cost of the retiree plan.

Long-Term Disability Plan

Disabled employees are defined as persons unable to perform each of the substantial and material duties of the job for which they were hired and unable to earn more than 70 percent of their monthly salary for the first 30 months of disability. If after 30 months the employee is unable to perform any job for which they are reasonably

qualified by experience, education, or training, and unable to earn more than 60 percent of their monthly salary, the employee is considered totally disabled. To qualify for long-term disability benefits, the waiting period of the longer of 26 continuous weeks of total disability or exhaustion of accrued sick leave must be met.

For up to 30 months following the date of disability an employee may continue healthcare coverage under this plan. Each employer pays 100 percent of the employer's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled. In fiscal year 2016, employers were charged $9.60 per active employee per month.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60 percent of monthly pre-disability salary or $4,000, whichever is less. The benefit does not increase with inflation and may be offset by other disability benefits from Social Security, Workers' Compensation, or PERSI. The State is self-insured for employees who became disabled prior to July 1, 2003; the State pays 100 percent of the cost of this benefit. The amount of the contribution is based on active claims and the number of insured individuals.

Principal Life Insurance Company insures employees disabled on or after July 1, 2003, and the obligation for the payment of income benefits has been effectively transferred. The employer pays 100 percent of the cost of the premiums; the contribution rate for the period was 0.264 percent of payroll. The employers' actual contribution was $2.5 million in fiscal year 2016. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

The plan also provides basic life insurance and dependent life insurance to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100 percent of annual salary, but not less than $20,000. In addition, the plan provides a $2,000 life insurance benefit for spouses and a $1,000 life insurance benefit for dependent children. These benefits do not increase with inflation. The State is self-insured for employees who became disabled prior to July 1, 2012; the employer pays 100 percent of the cost. The contribution is actuarially determined based on actual claims experience.

Principal Life Insurance Company insures employees disabled on or after July 1, 2012, and the obligation for the payment of basic life and dependent life coverage benefits has been effectively transferred. The employer pays 100 percent of the premiums. This portion of the basic life insurance and dependent life coverage is not included in the actuarial estimate as this is considered an insured benefit.

Retiree Life Insurance Plan

Boise State University, Eastern Idaho Technical College, Idaho State University, and Lewis-Clark State College provide basic life insurance to certified retired employees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Eligible retirees receive basic life insurance coverage equal to 100 percent of their annual salary at retirement.

The Judicial Department provides basic life insurance for life to all retired Idaho Supreme Court justices, state court of appeals judges, district court judges, magistrate judges, and court administrators. Eligible retirees receive life insurance coverage equal to 100 percent of the annual salary of the position from which they retire.

The Department of Labor provides basic life insurance to all certified retired employees of the Department. Eligible retirees receive insurance equal to 50 percent of their annual salary at retirement, not to exceed $5,000.

These participating agencies pay 100 percent of the cost of basic life insurance for eligible retirees. The following chart shows contribution rates for the fiscal year as percentages of payroll:

Retiree Life Insurance Contribution Rates

	Under Age 65	Age 65 - 69	Age 70 and Over	All Ages
Colleges and Universities	1.177%	0.894%	0.600%	
Judicial Department	1.170%	0.887%	0.593%	
Department of Labor				0.593%

University of Idaho Plan

The University of Idaho plan provides medical and dental benefits to eligible retirees, disabled employees, spouses, and survivors; life insurance is provided only to retirees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for these benefits. The University pays a portion of the coverage for retirees and disabled employees; the retiree or disabled employee pays the remainder. Spouses and survivors are required to pay 100 percent of the cost for the medical and dental benefits.

Employees hired after January 1, 2002, are eligible to participate in the University's health insurance plan;

however, the employee pays the entire cost of the premiums. The University determines the defined contribution costs that will be borne by the retiree plan participants. The University solely bears the risk for adverse financial performance, subject to a cap of $200 thousand per retiree per year, after which the University is reinsured. Retiree health plan performance is reviewed annually and premium rates are then adjusted by the University as necessary.

Summary of Significant Accounting Policies

The financial statements of the OPEB plans are reported using the accrual basis of accounting. Contributions are recorded when earned and expenses, including benefits and refunds paid, are recorded when a liability is incurred, regardless of the timing of cash flows. Investments are reported at fair value.

The financial position of each of the State's OPEB plans is as follows:

Statement of Plan Net Position
(dollars in thousands)

	Retiree Healthcare Plan	Long-Term Disability Plan		
		Healthcare	Life Insurance	Income
ASSETS				
Pooled Cash and Investments	$ 205			
Investments, at Fair Value				
Fixed Income Securities				
Equity Securities				
Total Assets	$ 205	$ 0	$ 0	$ 0
LIABILITIES				
Unearned Revenue	$ 205			
Total Liabilities	$ 205	$ 0	$ 0	$ 0

Annual OPEB Cost

The Annual OPEB Cost (AOC) is actuarially determined based on the annual required contribution (ARC) of the employer. The following table illustrates the annual OPEB cost, the amount of contributions made, the increase (decrease) in the net OPEB obligation (NOO) and the NOO (funding excess) for the current year:

Annual OPEB Cost and Net OPEB Obligation
(dollars in thousands)

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
		Healthcare	Life Insurance	Income		
Annual Required Contribution	$ 3,436	$ 1,189	$1,015	$ 598	$ 3,999	$ 2,711
Interest on NOO	1,003	23	(1)	10	638	(135)
Adjustment to ARC	(1,837)	(41)	2	(19)	(1,169)	174
Total Annual OPEB Cost	2,602	1,171	1,016	589	3,468	2,750
Contributions Made	(3,239)	(1,375)	(680)	(421)	(661)	(2,751)
Increase (Decrease) in NOO	(637)	(204)	336	168	2,807	(1)
NOO (Funding Excess) – Beginning of Year	27,814	600	(20)	282	17,738	(2,258)
NOO (Funding Excess) – End of Year	$ 27,177	$ 396	$ 316	$ 450	$20,545	$ (2,259)

Annual OPEB Cost Comparison

The following table compares the annual OPEB cost, the percentage of annual OPEB cost contributed and the NOO (funding excess) for the current and prior two years.

Annual OPEB Cost and Net OPEB Obligation Comparison
(dollars in thousands)

		Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
			Healthcare	Life Insurance	Income		
Annual OPEB Cost	2014	$ 1,199	$1,029	$ 1,498	$ 811	$ 3,011	$ 3,410
	2015	2,827	1,129	985	575	3,337	3,215
	2016	2,602	1,171	1,016	589	3,468	2,750
Percentage of AOC Contributed	2014	150.2%	139.7%	74.4%	68.7%	19.3%	93.2%
	2015	74.4%	138.9%	82.8%	80.9%	19.1%	100.6%
	2016	124.5%	117.4%	66.9%	71.5%	19.1%	100.0%
NOO (Funding Excess) – End of Year	2014	$ 27,089	$1,038	$ (189)	$ 171	$ 15,038	$ (2,240)
	2015	27,814	600	(20)	282	17,738	(2,258)
	2016	27,177	396	316	450	20,545	(2,259)

Funded Status and Funding Progress

The following table illustrates the funded status and the funding progress for the State as an employer:

Funded Status and Funding Progress
(dollars in thousands)

		Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
			Healthcare	Life Insurance	Income		
	Actuarial Valuation Date	7/1/2015	7/1/2015	7/1/2015	7/1/2015	7/1/2015	7/1/2015
1	Actuarial Value of Assets	$ 0	$ 0	$ 0	$ 0	$ 0	$ 30,528
2	Actuarial Accrued Liability (AAL)	23,312	7,645	3,720	2,690	50,672	58,201
3	Unfunded AAL (UAAL) (2) - (1)	$ 23,312	$ 7,645	$ 3,720	$ 2,690	$ 50,672	$ 27,673
4	Funded Ratios (1) : (2)	0.0%	0.0%	0.0%	0.0%	0.0%	52.5%
5	Annual Covered Payroll	$ 944,555	$ 944,555	$ 944,555	$ 944,555	$ 296,982	$ 150,995
6	UAAL as a Percentage of Covered Payroll (3) : (5)	2.47%	0.81%	0.39%	0.28%	17.06%	18.33%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, contains multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members.

The projection of benefits for financial reporting purposes does not incorporate the potential effects of legal funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The following table presents the significant methods and assumptions for all plans:

Significant Methods and Actuarial Assumptions

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance	University of Idaho Plan
		Healthcare	Life Insurance	Income		
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Dollar	Level Dollar	Level Percentage of Payroll	Level Dollar
Amortization Period	11 years, Open	30 years, Open	4 years, Open	5 years, Open	30 years, Open	30 years, Open
Asset Valuation Method	N/A	N/A	N/A	N/A	N/A	Fair Market Value
Assumptions:						
Inflation Rate	2.75%	2.75%	2.75%	2.75%	2.75%	N/A
Investment Return	3.60%	3.60%	3.60%	3.60%	3.60%	6.00%*
OPEB Increases	N/A	N/A	N/A	N/A	N/A	N/A
Projected Salary Increases	3.25%	3.25%	3.25%	3.25%	3.25%	3.00%
Healthcare Cost Initial Trend Rate	5.50%	5.50%	N/A	N/A	N/A	8.25%
Healthcare Cost Ultimate Trend Rate	4.70%	4.70%	N/A	N/A	N/A	5.75%

* The discount rate is based upon the University's historical and long-term expected investment return.

NOTE 10. RISK MANAGEMENT

The State maintains a combination of commercial and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished through the Group Insurance and Risk Management internal service funds and various outside entity insurance providers.

The Group Insurance fund is used to account for and finance life, health, and disability insurance programs which are experience rated and fully insured. However, when the claims exceed 100 percent of the annual premium paid to the insurer, the State is responsible for up to an additional 10 percent of the annual premiums for medical, 10 percent for dental, and is not responsible for any claims exceeding premium payments for life and disability coverage. The insurance carrier assumes the risk of loss for claims above the contractual ceilings. Policy claim liabilities are composed of the amounts required to fund any additional payments of life, health, and disability premiums. The liabilities include an estimate for claims that have been incurred but not reported and are net of any contractual adjustments and coordination of benefits. The fiscal year 2016 refund reflects a favorable claims experience. Additionally, the State does not have any unpaid claim liabilities at fiscal year-end; the State experienced less-than-expected claims in the amount of $1.7 million. The State maintains program and premium stabilization balances; these amounts are included with the restricted net position in the Group Insurance fund.

The Risk Management fund manages property and general liability risk. The Fund also finances and accounts for other risks not covered by Group Insurance and various outside entity insurance providers. General liability claims are self-insured up to the Idaho Tort Claims Act maximum of $500,000 for each occurrence. Property damage claims are self-insured for up to $250,000, energy systems are self-insured for up to $50,000, and employee bond/crime is self-insured for up to $175,000, per occurrence annually. Physical damages to covered vehicles and inland marine are self-insured for actual cash value. The State purchases commercial insurance for claims not self-insured by the above coverages and for other identified risks of loss, including workers' compensation insurance.

Estimated liabilities for Risk Management include claims that have been incurred but not reported; incremental claim adjustment expenses related to specific claims; claim adjustment costs, both allocated and unallocated; and any anticipated subrogation receipts. The State records its Risk Management premium liability using discounted amounts provided by actuaries. The discounted liabilities take into account anticipated investment income. At fiscal year-end $11.7 million of unpaid claim liabilities for Risk Management are recorded at the present value of $10.8 million, using a 3.5 percent discount interest rate.

All state entities may participate in the Group Insurance and Risk Management programs. Payments made to the Group Insurance fund are based on actuarial estimates of the amounts needed to pay for negotiated coverage and projected claims experience. Claim settlements have not exceeded insurance coverage for each of the past three fiscal years. Liabilities are reported when the occurrence of loss is probable and the amount of the loss can be reasonably estimated. Payments are made to the Risk Management fund based on actuarial estimates, loss experience, exposure, and asset value covered.

Changes in policy claim liabilities are as follows (*dollars in thousands*):

	Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimate	Claims (Payments) Refunds	Ending Balance
Group Insurance	2015	$ 2,845	$ (6,752)	$ 912	$ (2,995)
	2016	$ (2,995)	$ (3,135)	$ 4,382	$ (1,748)
Risk Management	2015	$ 11,460	$ 3,932	$ (4,088)	$ 11,304
	2016	$ 11,304	$ 6,255	$ (6,755)	$ 10,804

NOTE 11. LEASES

A. State as Lessee

The State leases land, buildings, vehicles, and office equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, leases are considered noncancelable for financial reporting purposes. Any escalation clauses, sublease rentals, and contingent rentals are considered immaterial to the future minimum lease payments and current rental expenditures.

Operating Leases

Operating leases do not qualify for capitalization. Therefore, the lease agreements are not reflected as assets in the State's balance sheet. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. The total operating lease expenditures/expenses for fiscal year 2016 were $28.2 million for the primary government. Operating leases contain various renewal options, as well as some purchase options.

Capital Leases

The State has entered into capital leases that are, in substance, a purchase. At the date of acquisition the assets are valued on the balance sheet at the present value of the future minimum lease payments. Capital lease assets and obligations are recorded in the respective funds as capital assets and long-term obligations. Interest expense for capital leases is not capitalized. Amortization of assets acquired under capital lease is included with depreciation expense.

Assets under capital lease are as follows *(dollars in thousands)*:

Asset Class	Governmental Activities	Business-Type Activities	Total Primary Government
Land	$ 187		$ 187
Buildings and Improvements	32,189	$ 13,048	45,237
Machinery, Equipment, and Other	734	87	821
Accumulated Depreciation	(5,552)	(4,858)	(10,410)
Total Assets under Capital Leases	**$ 27,558**	**$ 8,277**	**$ 35,835**

Future minimum lease commitments for noncancelable operating and capital leases are as follows *(dollars in thousands)*:

	Operating Leases	Capital Leases		
Fiscal Year	Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
2017	$ 27,493	$ 3,362	$ 987	$ 4,349
2018	19,919	3,340	594	3,934
2019	14,129	3,300	582	3,882
2020	8,990	3,313	582	3,895
2021	7,559	3,319	562	3,881
2022-2026	9,120	15,748	2,250	17,998
2027-2031	70	8,163		8,163
2032-2036	14			
Total Payments	**$ 87,294**	40,545	5,557	46,102
Executory Costs		(9,146)		(9,146)
Imputed Interest		(8,573)	(562)	(9,135)
Total Present Value of Minimum Lease Payments		**$ 22,826**	**$ 4,995**	**$ 27,821**

B. State as Lessor

Operating Leases

The State leased the following assets under operating leases (*dollars in thousands*):

Asset Class	Primary Government
Land	$ 2,698
Buildings and Improvements	21,240
Improvements Other Than Buildings	814
Machinery, Equipment, and Other	
Accumulated Depreciation	(4,207)
Total Assets Held for Lease	**$ 20,545**

Capital Leases

The Boise State University Foundation, a component unit, leases a building to Boise State University. The lease agreement does not specify a final lease term; at the end of the lease, the Foundation will either donate the building to the University or continue to lease the building for $1 annually. The capital lease receivable is on the balance sheet as part of due from primary government and is valued at the net investment in direct financing lease.

In July 2015, the University entered into a $5.0 million ten-year agreement with the Foundation to occupy and lease a portion of the Alumni and Friends Center. At the end of the lease agreement title will transfer to the University.

Future minimum rentals for operating leases and future minimum lease payments receivable for capital leases are as follows *(dollars in thousands)*:

	Operating Leases	Capital Leases
	Primary	Component
Fiscal Year	Government	Unit
2017	$ 4,992	$ 967
2018	4,720	574
2019	4,411	562
2020	3,959	562
2021	3,808	562
2022-2026	17,451	2,250
2027-2031	12,114	
2032-2036	3,998	
Total Rentals and Receivables	**$ 55,453**	**$ 5,477**
Net Investment in Direct Financing Lease:		
Minimum Lease Payments Receivable		$ 5,477
Unearned Income		(554)
Net Investment in Direct Financing Lease		**$ 4,923**

NOTE 12. SHORT-TERM DEBT

Primary Government

Idaho Code Section 63-3201 authorizes the State Treasurer, upon approval by the State Board of Examiners, to borrow money in anticipation of current-year tax receipts. The State uses external tax anticipation notes to cover the shortfall between General Fund revenues and disbursements during the year. General Fund revenues are received in relatively uneven amounts throughout the fiscal year due to various factors affecting the timing of receipts; such factors include the collection of individual income taxes in April, large sales tax receipts in January as a result of holiday shopping, and quarterly collections of corporate income tax. During fiscal year 2016, the State anticipated that 44.7 percent of General Fund revenues would be received in the first six months; however, disbursements during the same period were expected to account for 65 percent of total expenditures, mainly due to public school aid and Health and Welfare expenditures. The notes sold on the open market were issued on July 1, 2015, and were redeemed on June 30, 2016.

Component Units

The Idaho Housing and Finance Association utilizes short-term borrowing in the form of commercial paper to provide funds to purchase single-family mortgage loans on an interim basis and to finance multi-family construction loans. As of June 30, 2016, the Association has commercial paper outstanding, maturing within 30 to 180 days from date of issue, with a weighted average interest rate of 0.79 percent.

The Idaho Small Employer Health Reinsurance Program has a $0.8 million line-of-credit commitment from a local bank. Interest on the advances is payable monthly at prime rate plus 0.5 percent per annum and was 4 percent as of December 31, 2015. The line is not secured and matures on November 1, 2016.

Short-term debt activity included the following *(dollars in thousands)*:

	Balances at July 1, 2015	Issued/Draws	Redeemed/ Repayments	Balances at June 30, 2016
Primary Government				
Governmental Activities:				
External Tax Anticipation Notes	$ 0	$ 500,000	$ (500,000)	$ 0
Component Units				
Commercial Paper	$ 75,000	$ 201,045	$ (226,045)	$ 50,000
Line of Credit	$ 62	$ 546	$ (511)	$ 97

NOTE 13. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Primary Government

Idaho's compensated absences policy permits employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits. Employees earn vacation based on hours worked and years of service; compensatory time earned is based on hours worked in excess of 40 hours per week. Upon termination of employment, an employee is paid for unused vacation time and administrative leave. All employees covered by the Fair Labor Standards Act are paid compensatory balances at termination.

A liability is accrued in the government-wide, proprietary, and fiduciary fund financial statements for all vacation pay and compensatory time when incurred. The liability is based on the pay rate in effect at the balance sheet date. The State assumes a first-in, first-out flow for compensated absence balances.

Idaho Code Section 67-5333 establishes the policy for sick leave benefits. The State does not pay amounts for accumulated sick leave when employees separate from service. Therefore, the State does not accumulate a liability for sick leave. However, upon retirement 50 percent of an employee's unused sick leave value (not to exceed 600 hours) may be used to purchase health insurance for the retiree.

Credited Hours of State Service		Maximum Allowable Hours
0–10,400	(0-5 years)	420
10,401–20,800	(5-10 years)	480
20,801–31,200	(10-15 years)	540
31,201+	(15 years or more)	600

The health insurance premiums are funded by remitting 0.65 percent of payroll to the Sick Leave Insurance Reserve fund administered by the Public Employee Retirement System of Idaho.

B. Revenue Bonds

Primary Government

The Idaho State Building Authority is authorized by Idaho Code Title 67 Chapter 64 to issue bonds to finance construction, restoration, or acquisitions of facilities for lease to state agencies per prior legislative approval. Bonds are direct obligations of the Authority. The Authority has surety bonds in amounts up to the reserve requirements for all outstanding bonds except the Series 2008A bonds, for which the Authority has funded debt service reserve. No amounts were outstanding at June 30, 2016, under these surety bonds.

The State's colleges and universities have a number of outstanding bonds for the primary purpose of funding various construction projects. University bonds are secured by student fees, the sale of goods and services, grants, contributions, and certain other revenues. The colleges and universities issued $614.2 million in bonds between 2004 and 2016. Annual principal and interest payments on the bonds are expected to require 10.1 percent of the revenues. The total principal and interest payments remaining on the bonds are $695.2 million, payable through 2045. For the current year, principal and interest payments and total pledged revenues were $37.1 million and $366.0 million, respectively.

The Idaho Water Resource Board within the Department of Water Resources is authorized to issue and sell revenue

bonds under provisions of Idaho Code Sections 42-1739 through 42-1749. Bonds in the original amount of $5.3 million were issued in fiscal year 2006 and secured by revenues derived from the generation of hydroelectric power, a mortgage, the assignment of water rights, and a reserve fund with the trustee bank. The bonds were expected to be paid through 2019, but were paid off in fiscal year 2016.

Component Units

The Idaho Housing and Finance Association is authorized to issue and sell revenue bonds under provisions of Idaho Code Sections 67–6201 through 67-6226. The Association issued bonds to finance various single and multi-family housing developments and the construction of highway transportation projects. The bonds are either special or general obligations of the Association and do not constitute a debt of the State or any of its political subdivisions. The bonds have been issued in a variable-rate mode. The bulk of the bonds are re-marketed on a weekly basis at the prevailing interest rates. The multi-family housing bonds are limited obligations of the Association and are secured by the respective mortgages on each development as well as a lien on all revenues as defined in each respective bond indenture. The transportation bonds are secured by principal and interest payments from the Idaho Transportation Department.

The State's college and university foundations have a number of bonds outstanding for the purpose of funding construction projects. Foundation bonds are secured by various revenue sources, including leases, donations, pledges, and other funds. The college and university foundations issued $9.9 million in bonds between 2002 and 2015. The total principal and interest payments remaining on the bonds are $5.9 million, payable through 2025. Annual principal and interest payments on the bonds are expected to require 100 percent of the revenues. For the current year, principal and interest payments and total pledged revenues were $1.0 million and $1.0 million, respectively.

The Idaho Bond Bank Authority is authorized to issue and sell revenue bonds under provisions of the Idaho Constitution Article VIII Section 2A, and Idaho Code Sections 67-8701 through 67-8729. The bonds are used by the Authority to make loans to Idaho municipalities in order to finance the construction of public water and/or sewer improvements. The bonds are limited obligations of the Authority and do not constitute a debt of the State or any of its political subdivisions.

Revenue bond debt service requirements to maturity are as follows (*dollars in thousands*):

	Primary Government					
	Governmental Activities		Business-Type Activities			
Fiscal Year Ending	Nonmajor Special Revenue		College and University		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 8,465	$ 4,515	$ 18,002	$ 19,181	**$ 26,467**	**$ 23,696**
2018	8,805	4,314	18,619	18,745	**27,424**	**23,059**
2019	9,160	4,058	19,415	18,014	**28,575**	**22,072**
2020	9,590	3,764	18,875	17,313	**28,465**	**21,077**
2021	10,355	3,426	19,210	16,497	**29,565**	**19,923**
2022-2026	50,865	11,913	82,860	70,258	**133,725**	**82,171**
2027-2031	8,975	7,776	83,415	51,492	**92,390**	**59,268**
2032-2036	15,305	5,044	100,085	31,495	**115,390**	**36,539**
2037-2041	15,285	1,782	67,300	11,235	**82,585**	**13,017**
2042-2046			11,980	1,173	**11,980**	**1,173**
Total	**$ 136,805**	**$ 46,592**	**$ 439,761**	**$ 255,403**	**$ 576,566**	**$ 301,995**
Interest Rate	0.16% to 5.98%		0.67% to 6.52%			

Fiscal Year Ending June 30	Component Units: Idaho Housing and Finance Association Principal	Idaho Housing and Finance Association Interest	College and University Foundations Principal	College and University Foundations Interest	Idaho Bond Bank Authority Principal	Idaho Bond Bank Authority Interest	Total Principal	Total Interest
2017	$ 288,931	$ 35,450	$ 860	$ 135	$ 19,000	$ 14,028	**$ 308,791**	**$ 49,613**
2018	57,762	35,271	886	102	19,790	13,327	**78,438**	**48,700**
2019	59,577	34,792	483	80	21,590	12,606	**81,650**	**47,478**
2020	61,156	32,827	494	69	18,170	11,896	**79,820**	**44,792**
2021	62,507	30,750	506	56	18,125	11,156	**81,138**	**41,962**
2022-2026	333,125	118,674	2,101	102	95,565	43,479	**430,791**	**162,255**
2027-2031	286,695	47,096			72,695	24,069	**359,390**	**71,165**
2032-2036	60,245	10,296			51,100	10,554	**111,345**	**20,850**
2037-2041	24,134	3,243			21,575	2,539	**45,709**	**5,782**
2042-2046					1,580	64	**1,580**	**64**
Total	**$ 1,234,132**	**$ 348,399**	**$ 5,330**	**$ 544**	**$ 339,190**	**$ 149,362**	**$ 1,578,652**	**$ 498,305**
Interest Rate	0.26% to 6.08%		*2.38% to 5.35%		1.25% to 6.25%			

*Interest for the ISU Foundation is re-marketed at the Weekly Rate.

C. Advance and Current Refundings

Primary Government

In prior years the Idaho State Building Authority defeased bonds by placing governmental securities into irrevocable trusts sufficient to provide for all future debt service payments on those bonds. The related liability was appropriately removed from the financial statements in the year of defeasance.

In prior years Boise State University defeased bonds by placing part of the proceeds of the general revenue bond into a trust sufficient to pay all future debt service payments on those bonds. The related liability was appropriately removed from the financial statements in the year of defeasance.

Idaho State University issued bonds to refund 2004B and 2007 series bonds. The refunding resulted in an economic gain to the State of Idaho of $1.9 million.

Component Units

The Idaho Bond Bank Authority advance refunded bonds by issuing new bonds of $67.0 million and placed the proceeds into irrevocable trusts sufficient to provide for all future debt service payments on defeased bonds. The related liability was appropriately removed from the financial statements in the year of defeasance. The refunding resulted in a reduction of debt service requirements of $3.9 million and an economic gain of $7.0 million.

In July 2015, the Idaho Housing and Financing Association issued bonds in the amount of $172.5 million to refund portions of the GARVEE 2006A Bonds and 2008A Bonds. The refunding resulted in an economic gain to the State of Idaho of $12.7 million (the present values of the debt service payments on the old and new debt of $9.6 million). Additionally, the Association issued bonds to refund the 1997A-2003E and 2003A-2003D Single Family Mortgage Bonds. There were no economic savings achieved by the restructuring.

The outstanding debt payable for each defeased debt issue is as follows *(dollars in thousands)*:

Issuer	Debt Issue	Amount Defeased	Remaining Liability
Idaho State Building Authority	2001 Series C Bonds	$ 3,815	$ 3,470
	2003 Series B Bonds	4,765	4,765
	2003 Series D Bonds	7,640	7,015
	2003 Series E Bonds	5,430	4,985
	2003 Series F Bonds	7,350	6,745
	2003 Series G Bonds	6,280	5,765
	2003 Series H Bonds	6,900	6,335
	2003 Series I Bonds	3,385	3,105
	2003 Series J Bonds	1,435	1,315
Boise State University	2007 Series A Bonds	43,780	50,400
	2007 Series B Bonds	23,290	23,290
	2009 Series A Bonds	25,195	25,195
Idaho Bond Bank Authority	2006 Series A Bonds	2,640	9,030
	2008 Series C Bonds	18,825	18,825
	2008 Series E Bonds	19,490	19,490
	2009 Series A Bonds	21,950	39,525
Idaho Housing and Finance Association	2006 Series A Bonds	97,665	7,266
	2008 Series A Bonds	84,505	45,082

D. Notes Payable

Primary Government

The Idaho Transportation Department financed the improvement of various roads and related infrastructure within the State through borrowings from the Idaho Housing and Finance Association in the amount of $797.0 million. The notes are related to GARVEE bonds issued by the Association and will be repaid by grant revenues received by the Department from the Federal Highway Administration and by matching state funds. Annual principal and interest payments on the notes are expected to require 20 percent of the revenues. The total principal and interest payments remaining on the notes are $819.4 million, payable through 2032. For the current year, principal and interest payments and total pledged revenues were $58.4 million and $297.1 million, respectively. The amount of the balance owing does not equal the amount of the receivable recorded by the Association due to the timing of principal and interest payments.

The Idaho State Building Authority issued a $1.7 million note payable during 2009. The note is payable from and secured by a pledge of lease revenues, other funds, and reserves held.

The Department of Administration purchased operating and capital equipment through the issuance of a note payable for $3.8 million in 2004 with a remaining principal balance of $2.2 million.

The State's colleges and universities refinanced various notes payable by issuing new notes payable. The notes are secured by student fees revenues. Lewis-Clark State College issued $7.7 million in notes payable between 2010 and 2012. Annual principal and interest payments on the notes are expected to require 119.3 percent of the revenues. The total principal and interest remaining on the notes is $1.8 million, payable through 2018. For the current year, principal and interest payments and net pledged revenues were $1.3 million and $1.1 million, respectively.

Component Units

The Idaho Housing and Finance Association issued notes payable, in the amount of $172.5 million, for the construction and purchase of affordable multi-family housing complexes. The notes are secured by the deeds of trust on the buildings and equipment or an assignment or pledge of purchase rights for security purposes.

The BSU Foundation issued a $2.0 million note payable to a large healthcare organization. The proceeds were invested and the investment earnings will generate scholarships for health science students.

The ISU Foundation issued $0.4 million in notes payable for the purchase of two existing pharmacies. The purchases establish tele-pharmacies in neighboring communities, expanding health center operations to serve students, faculty, and administrators.

Note debt service requirements to maturity are as follows (*dollars in thousands*):

	Primary Government							
	Governmental Activities							
Fiscal Year Ending	Transportation		Nonmajor Special Revenue		Internal Service		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 30,365	$ 27,810	$ 149	$ 16	$ 261	$ 116	**$ 30,775**	**$ 27,942**
2018	31,061	26,422	155	10	289	101	**31,505**	**26,533**
2019	32,559	24,919	153		320	85	**33,032**	**25,004**
2020	34,107	23,357			353	67	**34,460**	**23,424**
2021	35,761	21,692			388	48	**36,149**	**21,740**
2022-2026	207,438	79,687			653	31	**208,091**	**79,718**
2027-2031	215,104	23,206					**215,104**	**23,206**
2032-2036	5,733	141					**5,733**	**141**
Total	**$ 592,128**	**$ 227,234**	**$ 457**	**$ 26**	**$ 2,264**	**$ 448**	**$ 594,849**	**$ 227,708**
Interest Rate	2.00% to 6.35%		3.45%		5.34%			

	Business-Type Activities					
Fiscal Year Ending	College and University		Nonmajor Enterprise Funds		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 656	$ 51	$ 12	$ 1	**$ 668**	**$ 52**
2018	1,476	30	13		**1,489**	**30**
2019						
2020						
2021						
Total	**$ 2,132**	**$ 81**	**$ 25**	**$ 1**	**$ 2,157**	**$ 82**
Interest Rate	2.28% to 5.08%		6.00%			

Fiscal Year Ending June 30	Component Units: Idaho Housing and Finance Association Principal	Idaho Housing and Finance Association Interest	College and University Foundations Principal	College and University Foundations Interest	Total Principal	Total Interest
2017	$ 1,593	$ 798	$ 2,535	$ 213	**$ 4,128**	**$ 1,011**
2018	5,245	733	540	174	**5,785**	**907**
2019	1,499	663	542	152	**2,041**	**815**
2020	1,234	601	541	131	**1,775**	**732**
2021	1,240	549	530	110	**1,770**	**659**
2022-2026	6,079	1,928	2,604	245	**8,683**	**2,173**
2027-2031	4,479	811			**4,479**	**811**
2032-2036	1,804	320			**1,804**	**320**
2037-2041	1,147	105			**1,147**	**105**
2042-2046	830	46			**830**	**46**
2047-2051	410	12			**410**	**12**
2052-2056	1,303				**1,303**	
Total	**$ 26,863**	**$ 6,566**	**$ 7,292**	**$ 1,025**	**$ 34,155**	**$ 7,591**
Interest Rate	0.00% to 9.13%		1.00% to 6.00%			

E. Claims and Judgments

Primary Government

Claims and judgments are payable on behalf of the State and its agencies for various legal proceedings and claims. In general, the State records liabilities for material claims and judgments when they are considered probable and estimable. The State recorded the following claims and judgments:

The Department of Health and Welfare estimates Medicaid claims incurred in fiscal year 2016 but not reported at year end in the amount of $136.1 million.

The Idaho Transportation Department experienced contractor claims for reimbursement of additional expenses incurred for the performance of construction contract requirements. The State recorded a liability of $6.2 million.

The Department of Environmental Quality entered into a contract with the Environmental Protection Agency (EPA) in April 1995 for the purpose of environmental remediation within the Bunker Hill Superfund Site. Federal Superfund law requires the State to match 10 percent of federal funds spent on actual remediation work and to meet all costs of future site operation and maintenance costs. The December 2012 amended remediation cost estimate was $143.0 million, which was measured using the expected cash flow technique. The State's share was $14.3 million. The State has expended $16.3 million toward the required match leaving an overpayment of the match liability of $2.0 million. The overpayment can be used to meet match requirements in the Coeur d'Alene Basin Superfund site. The contract work was completed during fiscal year 2008. The State has taken ownership of 1,400 acres of remediated and unremediated land with approximately 400 additional acres yet to be transferred from the EPA to the State. The land's value has not been established and has development limitations which may reduce property values.

In August 2002, the federal government, Idaho, Washington, and tribal officials signed a memorandum of agreement to create the Coeur d'Alene Basin Commission that will direct cleanup of the Coeur d'Alene Basin in Idaho. The EPA issued a Record of Decision (ROD) in September 2002. The State and federal government signed the Coeur d'Alene Basin Superfund contract on October 2, 2003. The original estimate of the remediation cost was $310.0 million. In 2012, an amended ROD was released with a revised estimated cleanup costs of $635.0 million. The State has not agreed to match any additional cost. Idaho's match is 10 percent or $31.0 million, which was measured using the expected cash flow technique. The State has expended $3.1 million toward the required match, leaving a liability of $27.9 million. Washington State will match

the remainder of the liability. Work began in 2003 and will take 30 years to complete. Environmental liability estimates are subject to amendment due to changes in prices, technology, laws, regulations, and other factors. The State does not anticipate any recovery from other parties for the Coeur d'Alene Basin project.

Component Units

The component units recorded the following claims and judgments:

The Idaho Housing and Finance Association had an estimated arbitrage rebate liability of $0.3 million.

The Petroleum Clean Water Trust Fund had policy claim liabilities of $4.0 million for unpaid losses and loss adjustments.

The Idaho Individual High-Risk Reinsurance Pool and the Idaho Small Employer Reinsurance Program had policy claim liabilities of $0.6 million for unpaid claims.

F. Changes in Long-Term Liabilities

The changes in long-term liabilities are summarized as follows *(dollars in thousands):*

Long-Term Liabilities	Balances at July 1, 2015 As Restated	Increases	Decreases	Balances at June 30, 2016	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
Revenue Bonds	$ 144,925		$ (8,120)	$ 136,805	$ 8,465
(Premiums)/Discounts/Other	5,454		(731)	4,723	
Notes Payable	621,767	$ 12,270	(39,188)	594,849	30,775
Total Bonds and Notes Payable	772,146	12,270	(48,039)	736,377	39,240
Capital Leases	24,319	7	(1,500)	22,826	1,585
Compensated Absences	49,874	58,493	(54,309)	54,058	54,058
Policy Claim Liabilities	11,304	10,637	(11,137)	10,804	2,818
Claims and Judgments	170,841	143,169	(144,895)	169,115	143,252
Net Pension Liability	176,577	130,874		307,450	
Net OPEB Obligation	25,458	4,913	(4,454)	25,917	
Other Long-Term Obligations	5,468	165		5,633	
Total Governmental Activity	**$ 1,235,987**	**$ 360,528**	**$ (264,334)**	**$ 1,332,180**	**$ 240,953**
Business-Type Activities:					
Revenue Bonds	$ 462,507	$ 78,925	$ (101,671)	$ 439,761	$ 18,002
(Premiums)/Discounts	15,039	9,650	(1,878)	22,811	433
Notes Payable	55,117		(52,960)	2,157	668
Total Bonds and Notes Payable	532,663	88,575	(156,509)	464,729	19,103
Capital Leases	780	5,087	(872)	4,995	847
Compensated Absences	21,640	21,308	(21,575)	21,373	21,373
Net Pension Liability	31,898	24,704		56,602	
Net OPEB Obligation	20,982	3,932	(1,941)	22,973	
Other Long-Term Obligations	1,139		(211)	928	
Total Business-Type Activity	**$ 609,102**	**$ 143,606**	**$ (181,108)**	**$ 571,600**	**$ 41,323**
Component Units:					
Revenue Bonds	$ 1,823,330	$ 256,645	$ (501,323)	$ 1,578,652	$ 278,483
(Premiums)/Discounts	45,013	31,102	(21,829)	54,286	2,007
Notes Payable	25,972	9,582	(1,400)	34,154	4,128
Total Bonds and Notes Payable	1,894,315	297,329	(524,552)	1,667,092	284,618
Compensated Absences	27	78	(58)	47	47
Policy Claim Liabilities	6,255	2,896	(4,575)	4,576	1,942
Claims and Judgments	1,183		(877)	306	
Total Component Unit Activity	**$ 1,901,780**	**$ 300,303**	**$ (530,062)**	**$ 1,672,021**	**$ 286,607**

Internal service funds predominantly serve the governmental funds. Accordingly, $2.2 million of notes payable, $0.9 million of compensated absences, $10.8 million of policy claim liabilities, $4.6 million of net pension liability, and $0.3 million of net OPEB obligations were included in the governmental activities for internal service fund liabilities.

In the past, the compensated absences liability attributable to governmental activities has been liquidated by the General Fund, special revenue funds, and internal service funds. Primarily, the same funds that have been used in prior years will be used to liquidate the following other governmental activity long-term liabilities: policy claim liabilities will be liquidated through the State's Group Insurance and Risk Management funds; claims and judgments will be liquidated by the Health and Welfare and Transportation special revenue funds and nonmajor special revenue funds; the net pension obligation will be liquidated by the General Fund; the net OPEB obligation will be liquidated by the General Fund, Health and Welfare and Transportation special revenue funds, nonmajor special revenue funds, and internal service funds.

G. Conduit Debt

Primary Government

The Idaho Water Resource Board has outstanding revenue bonds for the promotion, construction, rehabilitation, and repair of water projects. The bonds are secured by the financed property and are payable solely from revenue of the projects. Upon payment of the bonds, ownership of the acquired facilities transfers to the entity served by the bond issuance. Such bonds do not constitute a debt or obligation of the State or any political subdivision, agency thereof, or of the Board except to the extent of the revenues pledged under the indenture. Accordingly, these bonds are not reported in the accompanying financial statements. Seven series of Water Resource bonds that qualified as conduit debt are outstanding with an aggregate principal amount payable of $57.8 million.

Component Unit

The Idaho Housing and Finance Association has outstanding bonds to provide financial assistance to entities for the construction of facilities deemed to be in the public interest. The bonds are secured by the financed property and are payable solely from payments received on the underlying investments. Upon repayment of the bonds, ownership of the constructed facilities transfers to the individuals served by the bond issuance. The Association is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as Association liabilities. Forty series of bonds that meet the description of conduit debt obligations are outstanding with an aggregate principal amount payable of $246.5 million.

NOTE 14. EQUITY

A. Restatement of Beginning Fund Balances and Net Position

The beginning net position of the nonmajor governmental fund increased by $0.5 million due to the implementation of GASB Statement 68 related to Net Pension.

The beginning net position of the health reinsurance funds increased by $16.6 million due to a change in the revenue recognition policies relating to contributions from the State.

The beginning net position of the Idaho Housing and Finance Association fund increased by $39.6 million due to the implementation of GASB Statement 72, Fair Value Measurement and Application.

The beginning net position of the colleges and university foundations fund decreased by $8.4 million due to a donation payable to Boise State University and related expenses incorrectly excluded from the previously issued financial statements.

The beginning net position of the data processing fund increased by $0.2 million due to an adjustment to construction-in-progress in a prior year.

The government-wide Statement of Activities includes the above restatements in the Governmental and Business-Type Activities columns. In addition, Governmental Activities beginning net position decreased by $34.9 million due to adjustments to infrastructure and construction-in-progress and increased by $7.0 million due to adjustments of capital assets in a prior year and decreased by $1.6 million for implementation of GASB Statement 68 related to pensions in some funds.

The beginning net position of the Local Government Investment Pool decreased by $3.4 million due to an adjustment in the allocation between internal and external pool participants.

B. Net Position Restricted by Enabling Legislation

Net position is reported as restricted when constraints are placed on net position use by external parties such as creditors, grantors, contributors, or other governments; or by state law through constitutional provisions or enabling legislation. Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payment of resources and requires that those resources be used only for the purposes stipulated in the legislation.

The government-wide Statement of Net Position reported restricted net position of $3.0 billion for governmental activities, $1.4 billion for business-type activities, and $773.3 million for component units. These amounts include $456.9 million of net position restricted by enabling legislation for governmental activities and $760.7 million of net position restricted by enabling legislation for business-type activities.

C. Governmental Fund Balances – Restricted, Committed, and Assigned

The governmental funds report a hierarchy of fund balance classifications based primarily on the extent to which the State is bound to honor limitations on the use of the funds' resources. When a fund has more than one revenue stream, equity is classified according to the materiality of any limitations on the fund.

Restricted fund balances represent those amounts that are legally restricted for specific purposes due to limitations imposed by external parties, such as creditors and grantors, or imposed through constitutional provisions or enabling legislation.

Committed fund balances represent amounts that can only be used for a specific purpose imposed by formal action of the Legislature and signed by the Governor.

Assigned fund balances represent amounts the government intends to use for a specific purpose but are neither restricted nor committed.

The following schedule presents the nature and purpose of these fund balances at June 30, 2016:

Restricted, Committed, and Assigned Governmental Fund Balances
(dollars in thousands)

Funds	Restricted	Committed	Assigned	Total
General				
Economic Development	$ 291	$ 6,994	$ 9,939	$ 17,224
Education	22,696	126,078	1,235	150,009
Environmental Quality		16,794		16,794
Fire Suppression			53,585	53,585
General Government Administrative Costs	1,193		25,370	26,563
Health and Human Services		7,685	1,243	8,928
Millennium Endowment Fund	260,239			260,239
Municipal Revenue Sharing	10,501			10,501
Natural Resources			2,000	2,000
Opportunity College Scholarships		19,418		19,418
Public Safety	1,394		9,743	11,137
School Building Maintenance and Repair		19,144		19,144
State Building Construction and Maintenance		43,114		43,114
Transportation Projects		63,557		63,557
Veterans Recognition		17,915		17,915
Other Purposes	2,484	1	8,053	10,538
Total	**$ 298,798**	**$ 320,700**	**$ 111,168**	**$ 730,666**
Health and Welfare				
Health and Human Services		$ 25		$ 25
Total	**$ 0**	**$ 25**	**$ 0**	**$ 25**
Transportation and Transportation Infrastructure				
GARVEE Debt Service	$ 41,381			$ 41,381
Transportation Programs	284,806	$ 2,883		287,689
Total	**$ 326,187**	**$ 2,883**	**$ 0**	**$ 329,070**
Land Endowments				
Endowment Fund Beneficiaries	$ 476,691			$ 476,691
Total	**$ 476,691**	**$ 0**	**$ 0**	**$ 476,691**

	Restricted	Committed	Assigned	Total
Nonmajor Special Revenue				
Agricultural Programs	$ 53,831			$ 53,831
Corrections	6,238	$ 1,642		7,880
Courts	1,922	2,539		4,461
Economic Development	20,698			20,698
Education	453	4,798		5,251
Employment Administration and Training Programs	14,402	13,874		28,276
Environmental Quality	86,209	26,271	$ 1,949	114,429
Professional Licensing and Monitoring	85,132			85,132
Public Recreation	3,997	33,892		37,889
Public Safety	6,799	12,556		19,355
State Building Debt Service	7,515			7,515
State Land Management	19,841			19,841
Tourism and Promotion	9,676			9,676
Wildlife Management	57,341			57,341
Workers Compensation	22,539			22,539
Other Purposes	3,466	722		4,188
Total	**$ 400,059**	**$ 96,294**	**$ 1,949**	**$ 498,302**

D. Budget Stabilization and Minimum Fund Balance

The Legislature has the authority to set aside resources through the appropriation process for use in an emergency or when budgetary imbalances occur. The State has the following budget stabilization arrangements:

- The *Higher Education Budget Stabilization Fund* can only be used for the maintenance, use, and support of the colleges and universities subject to appropriation by the Legislature. Idaho Code Section 33-3726 requires interest earnings from the College and University Fund and other amounts provided for by law to be transferred into the Higher Education Budget Stabilization Fund. As of June 30, 2016, the fund balance was $3.1 million.
- The *Budget Stabilization Fund* was created to cover General Fund revenue shortfalls, expenses incurred because of a major disaster declared by the Governor, or to provide any appropriated one-time tax relief payments to the citizens of Idaho. Idaho Code Section 57-814 requires that receipts to the General Fund for the fiscal year just ending that have exceeded the previous fiscal year's receipts by more than 4 percent be transferred to the Budget Stabilization Fund. The transfers should not be more than 1 percent of actual General Fund receipts for the fiscal year just ended. A concurrent resolution by the majority of the Legislature can require the State Controller to reduce the transfer. Idaho Code requires the transfer of 50 percent of any excess cash balance from the General Fund to the Budget Stabilization fund at the close of the current fiscal year. Appropriations from the Budget Stabilization Fund are limited to 50 percent after the fund balance has reached the 10 percent of General Fund receipts. Idaho Code Section 57-814A authorizes the Board of Examiners to transfer unencumbered moneys from the Budget Stabilization Fund to the General Fund, should General Fund moneys be insufficient to meet General Fund appropriations for that same fiscal year. Such transfers are limited to the amount of the insufficiency or one-half of 1 percent, whichever is less. As of June 30, 2016, the fund balance was $283.4 million.
- The Public Education Stabilization Fund may be used to offset declining distributions from the public school earnings reserve, declining endowment distributions, and shortfalls in discretionary funding as spelled out in Idaho Code Section 33-1018. According to Idaho Code Sections 33-1018A and 33-1018B, the fund may also be used to cover any proportional share of the public schools' General Fund budgetary holdbacks, for state matching funds for the School District Building Fund, or for other purposes as stated in appropriation bills. Any accumulated balance greater than 8.34 percent of the current year's appropriation must be transferred to the Bond Levy Equalization Fund per Idaho Code Section 33-907. Additions to the Public Education Stabilization Fund are from interest, transfers, and appropriations. Idaho Code Section 33-905 requires any excess balance over the amount needed for school building maintenance and discretionary spending be transferred to the Public Education Stabilization Fund. As of June 30, 2016, the fund balance was $88.6 million.
- Idaho Code Section 26-31-110 requires that the *Mortgage Recovery Fund*, part of the Regulatory nonmajor special revenue fund, maintain a minimum balance of $1.5 million. The Mortgage Recovery Fund account, as defined in Idaho Code Section 26-31-109, is used to reimburse persons who have been awarded damages resulting from violations of the Idaho Residential Mortgage Practices Act.

NOTE 15. DONOR-RESTRICTED ENDOWMENTS

Primary Government

The Land Endowments fund has a nonexpendable permanent corpus and an earnings reserve account; the earnings reserve is used to receive earnings and to pay beneficiaries and expenses. The Endowment Fund Investment Board (EFIB) invests the revenues generated from the management and/or sale of endowment lands. The Board of Land Commissioners (Land Board) and the EFIB spend the net appreciation and other revenues in accordance with Idaho Code Title 57 Chapter 7 and Title 67 Chapter 16. For the fiscal year ended June 30, 2016, no net appreciation on investments of the donor-restricted endowments was available for the Land Board or the EFIB to authorize expenditures for the Public School Endowment or the Pooled Endowment funds. The Land Board has set the current distribution policy for the endowments at 5 percent of the three-year rolling average permanent fund balances. EFIB may adjust the distributions depending on the amount in the earnings reserve accounts, transfers to the permanent funds, and other factors.

The Department of Parks and Recreation has a $1.2 million donor-restricted endowment for the preservation, operation, and management of the Ritter

Island Unit of the Thousand Springs Complex. The Department of Parks and Recreation also has a $2.5 million donor-restricted endowment for the management of the Trail of the Coeur d'Alenes. Only earnings from investments may be expended by the Idaho Parks and Recreation Board; although no less than 3 percent of the total value of the endowment shall be designated as earnings, even if such designation temporarily reduces the principal. The Board maintains sole discretion in determining the amount of earnings to be distributed to the Department of Parks and Recreation and to be deposited to increase the principal of the endowment. For the fiscal year ended, net appreciation available for expenditure was $0.5 million, which is reported in net position restricted for other purposes.

Component Units

Endowments for the Boise State University Foundation, Eastern Idaho Technical College Foundation, Idaho State University Foundation, Lewis-Clark State College Foundation, and University of Idaho Foundation are managed in accordance with Idaho Code Title 33 Chapter 50 and rules adopted by their boards as specified below.

The Boise State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments did not have any net appreciation during the fiscal year for expenditure. Accumulated earnings are reported in net position restricted for permanent trust-expendable. The Foundation has set a "total return" spending policy that specifies 4 percent of the three-year rolling average of the ending market value of each individual account be made available for expenditure toward the established purpose.

The Eastern Idaho Technical College Foundation receives certain gift assets that are to be held in perpetuity for the benefit of scholarships at the College. The endowments did not have any net appreciation during the fiscal year for expenditure. Accumulated earnings are reported in net position restricted for permanent trust-expendable. The Foundation determines the amount to be paid out as scholarships to the College on an annual basis.

The Idaho State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had no net appreciation during the fiscal year. Accumulated earnings are reported in net position restricted for permanent trust-expendable. Donor-imposed restrictions requiring earnings to be contributed back to the corpus are not formally complied with by the Foundation. The Foundation addresses this indirectly through the strategy established through its investment and spending policies. The Foundation has a policy of appropriating for annual distribution 4 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the current fiscal year.

The Lewis-Clark State College Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the College. The endowments had a net appreciation of $46,904 during the fiscal year for expenditures. Accumulated earnings are reported in net position restricted for permanent trust-expendable. The Foundation established a spending rate of 4 percent of the five-year rolling average of the market value of each endowment account as of December 31 for each fiscal year. This amount may be reduced if an account has insufficient accumulated earnings to cover the payout.

The University of Idaho Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments did not have any net appreciation during the fiscal year for expenditure. Unrealized appreciation (depreciation) is included in net position restricted for permanent trust-expendable. The Foundation Board of Directors establishes an annual spending rate. For fiscal year 2016, the spending rate was set at 4.4 percent of the three-year rolling average of the endowment's monthly fair market value.

NOTE 16. LITIGATION, CONTINGENCIES, COMMITMENTS, AND ENCUMBRANCES

A. Litigation and Contingencies

Primary Government

The State is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings, and other alleged violations of state and federal laws. The State is unable to estimate the ultimate outcome or liability, if any, in respect to the various proceedings. However, the State believes that any ultimate liability resulting from these suits will not have a material effect on the financial condition of the State.

Idaho Code Section 33-5303 requires the State to guarantee the bonds of any school district qualified by the State Treasurer. If the State is required to make the bond payment of any school district, the State will redirect distributions normally made to the school district to reimburse the State. As of June 30, 2016, the principal amount of qualified school district bonds outstanding was $1.2 billion, and the interest amount outstanding was $443.4 million.

Idaho Code Section 67-8716 requires the State to guarantee the bonds of any municipality qualified by the State Treasurer. If the State is required to make the bond payment of any municipality, the State will redirect distributions normally made to the municipality to reimburse the State. As of June 30, 2016, the Idaho Bond Bank Authority had a principal amount of qualified municipal bonds outstanding of $339.2 million, and the interest amount outstanding was $143.7 million. Five water and sewer districts do not have distributions to intercept in the event they are unable to make the bond payments. If the State is required to pay the obligation, the State will pursue legal action to recover the amount paid. The total principal outstanding for these districts is $11.2 million, payable through 2029.

The State receives significant financial assistance from the federal government in the form of grants. The receipt of federal grants is generally conditioned upon compliance with terms and conditions of the grant agreements and is subject to financial and compliance audits. Questioned costs as a result of these audits may be disallowed after review by federal agencies. The State's opinion is that these questioned costs, if any, will not have a significant effect on the financial position of the State.

Revenue from federal grants includes amounts for the recovery of overhead and other costs. The State may be required to make refunds of federal reimbursements as a result of audits. The State's opinion is that these refunds, if any, will not have a significant effect on the financial position of the State.

B. Commitments

Primary Government

The Idaho Transportation Department (ITD) has a total of $134.3 million in outstanding commitments for infrastructure and $30.3 million for other capital asset-related construction projects underway at year-end. In addition, the ITD has a commitment to repay the Idaho Housing and Finance Association principal and interest related to Grant Anticipation Revenue Vehicle (GARVEE) bonds for construction costs to improve and enhance the State's highway infrastructure. To date, the ITD has borrowed $797.0 million against the total; of that amount, $204.9 million has been repaid, resulting in a $592.1 million liability being recorded. Details can be found in Note 13.

The Department of Administration has a total of $22.2 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The colleges and universities estimate costs of $38.6 million to complete a variety of capital asset-related construction projects underway at year-end.

The Department of Environmental Quality administers two revolving loan funds. The funds provide financing sources for the construction of publicly owned wastewater and drinking water treatment facilities. The Clean Water Loan fund had loan commitments of $81.0 million and the Drinking Water Loan fund had commitments of $25.6 million. These loan commitments will be funded either from new capitalization grants, generally 80 percent federal funds and 20 percent state matching dollars, or from accumulated repayments and investment revenues, which are perpetually appropriated for this purpose.

The Department of Correction has a contract with Corizon, Inc. to provide medical services for inmates. The estimated cost for fiscal years 2017 and 2018 is $84.1 million. Additionally, the Department has a contract with Management and Training Corporation to operate a 432-bed substance abuse treatment prison facility. The Department has committed to pay monthly per diems based on offender count. The estimated cost for fiscal years 2017 through 2020 is $27.5 million.

The Judicial Branch estimates costs of $10.1 million to complete a variety of capital asset-related construction projects underway at year-end, with a new technical system for court management making up a significant portion of this amount.

The Department of Juvenile Corrections contracts with various private juvenile placement providers for care and rehabilitation services. Contract daily rates range from $90 to $360 per day. The estimated cost for fiscal year 2017 is $5.1 million.

The Dairy Products Commission annually commits to participate in a national unified marketing plan for dairy products. The Commission's 2016 commitment to nutrition, product, and ingredient manufacturing research and marketing activities is $6.2 million.

The State Lottery maintains a contract with INTRALOT, Inc. through February 18, 2017, to pay 1.98 percent of total net sales and a $3,466 monthly fee for a wireless tablet-reporting system to be used by Lottery's regional sales representatives. The State Lottery also has purchased prize annuities in the name of the individual winners, but

is still liable in the event the insurance companies default on payments. The amount of payments for the year ended June 30, 2016, is $12.0 million.

The Public Employee Retirement System of Idaho has a total of $519.9 million and €54.4 million in outstanding commitments for investments to private equity partnerships.

The Idaho State Tax Commission entered into a Software maintenance and Configuration Assistance Agreement to maintain the Commission's GENTAX application. The agreement is effective through June 30, 2020, with a remaining cost of $10.9 million.

Component Unit

The Idaho Housing and Finance Association has commitments to purchase $576.5 million of single-family mortgages. The Association has commitments to sell or secure $339.4 million of single-family mortgages.

The University of Idaho Foundation has $9.7 million in outstanding commitments for investments.

C. Encumbrances

Encumbrances within the restricted, committed, and assigned fund balances of the governmental funds are as follows *(dollars in thousands)*:

	General Fund	Health and Welfare	Transportation	Nonmajor Governmental
Encumbrances	$ 34,719	$ 3,313	$ 25,939	$ 15,965

NOTE 17. SUBSEQUENT EVENTS

Subsequent to June 30, 2016, the following events occurred:

Primary Government

On July 1, 2016, the Office of the State Treasurer issued tax anticipation notes in the amount of $500.0 million. The notes were issued to cover temporary cash flow shortfalls and to finance the State's daily operations in anticipation of certain tax revenues of the State to be collected during the fourth quarter of the 2016 fiscal year. The notes mature on June 30, 2017.

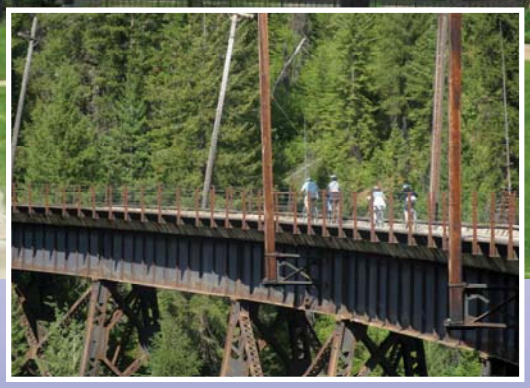
Component Units

On July 1, 2016, the Idaho Housing and Finance Association issued 2016 Series A Single-Family Mortgage Bonds in the amount of $89.1 million.

On August 24, 2016, Idaho Housing and Finance Association signed a cease-and desist order (Order) with the United States Securities and Exchange Commission. IHFA misstated that it had materially complied with a prior agreement to provide continuing disclosure and also failed to disclose that it had not been in material compliance with a prior agreement to provide continuing disclosure. No financial penalties resulted from the Order.

On September 15, 2016, the City of Ketchum called the remaining balance of their 2006A Water bonds in the amount of $1.9 million. The Idaho Bond Bank Authority simultaneously called the remaining balance of the Idaho Bond Bank Authority series 2006A bonds. As of September 15, 2016, the Idaho Bond Bank Authority series 2006A bonds are fully redeemed.

Required Supplementary Information



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Required Supplementary Information
Budgetary Comparison Schedule
General Fund and Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	General			
	Original Budget	**Final Budget**	**Actual Amounts Budgetary Basis**	**Variance with Final Budget**
REVENUES				
Sales Tax	$ 1,548,237	$ 1,548,237	$ 1,548,237	
Individual and Corporate Taxes	2,111,862	2,111,862	2,111,862	
Other Taxes	57,063	57,063	57,063	
Licenses, Permits, and Fees	22,813	22,813	22,813	
Sale of Goods and Services	26,379	26,379	26,379	
Grants and Contributions	11,116	11,116	11,116	
Investment Income	19,497	19,497	19,497	
Tobacco Settlement	25,297	25,297	25,297	
Other Income	19,562	19,562	19,562	
Total Revenues	$ 3,841,826	$ 3,841,826	3,841,826	
EXPENDITURES				
General Government	$ 903,995	$ 910,115	839,403	$ 70,712
Public Safety and Correction	333,385	331,973	318,218	13,755
Health and Human Services	26,529	26,529	26,225	304
Education	2,075,656	2,070,169	2,001,101	69,068
Economic Development	56,537	113,701	50,872	62,829
Natural Resources	33,407	34,091	66,373	(32,282)
Total Expenditures	$ 3,429,509	$ 3,486,578	3,302,192	$ 184,386
Revenues Over (Under) Expenditures			539,634	
OTHER FINANCING SOURCES (USES)				
Capital Lease Acquisitions			7	
Sale of Capital Assets			383	
Transfers In			209,079	
Transfers Out			(979,266)	
Total Other Financing Sources (Uses)			(769,797)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(230,163)	
Reconciling Items				
Changes Affected by Accrued Revenues			(362,194)	
Changes Affected by Accrued Expenditures			726,447	
Fund Balances - Beginning of Year, as Restated			1,164,436	
Fund Balances - End of Year			$ 1,298,526	

The accompanying note is an integral part of this financial schedule.

Health and Welfare				Transportation			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
$ 27,575	$ 27,575	$ 27,575		$ 318,652	$ 318,652	$ 318,652	
24,297	24,297	24,297		170,292	170,292	170,292	
241,311	241,311	241,311		6,611	6,611	6,611	
1,632,229	1,632,229	1,632,229		296,844	296,844	296,844	
685	685	685		841	841	841	
15,590	15,590	15,590		954	954	954	
$ 1,941,687	$ 1,941,687	1,941,687		$ 794,194	$ 794,194	794,194	
$ 3,635	$ 3,635	3,632	$ 3				
2,621,012	2,648,131	2,547,857	100,274				
				$ 838,812	$ 945,958	729,209	$ 216,749
$ 2,624,647	$ 2,651,766	2,551,489	$ 100,277	$ 838,812	$ 945,958	729,209	$ 216,749
		(609,802)				64,985	
		257				18,943	
		651,390				570	
		(8,716)				(17,982)	
		642,931				1,531	
		33,129				66,516	
		91,568				50,289	
		(118,591)				(28,739)	
		(10,642)				262,045	
		$ (4,536)				$ 350,111	

NOTE TO BUDGETARY REPORTING

Budgetary Process and Control

Budgets are adopted in accordance with Idaho Code Title 67 Chapter 35. In September of each year, state agencies submit requests for appropriations to the Governor's Office, Division of Financial Management (DFM), so an executive budget may be prepared. The budget is generally prepared by agency, fund, program, and object and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. Legal level of budgetary control is maintained at the same level of detail as appropriated. Appropriated funds include the General Fund, special revenue funds, the capital projects fund, enterprise funds, internal service funds, earnings of the permanent fund, and pension trust funds. The appropriated funds are either appropriated annually or on a continuous basis. For those funds appropriated on a continuous basis, appropriation equals expenditures which can be made to the extent of available cash. Unexpended appropriation balances generally lapse at fiscal year-end unless reappropriated by the Legislature. Appropriations are subject to the provisions of Idaho Code Title 67 Chapter 36.

The Governor's budget recommendations are presented to the Legislature within the first five days of each regular legislative session, which begins in January. The Joint Finance and Appropriations Committee reviews the Governor's recommended budget, makes amendments, and prepares the annual appropriation bills for submission to both houses of the Legislature. A simple majority vote by both houses of the Legislature is required to pass the appropriation bills. The Governor has line item veto power over appropriation bills. Approval by two-thirds of both houses is required to override a governor's veto. The appropriation bills become the State's authorized operating budget upon the Governor's signature, or become law without the Governor's signature within five days after being presented to him, per Idaho Constitution Article IV Sections 10 and 11.

Agencies may request additional appropriations for the current year, which may be granted under authority of the Legislature. If expenditures are expected to exceed available cash, the State Board of Examiners (SBE) may authorize reduction of a portion of the General Fund appropriation. The Governor may issue an executive order for temporary reduction of spending authority, which is recorded in the accounting system as a negative supplemental appropriation. The Governor may call extraordinary sessions as provided by Article IV Section 9 of the Idaho Constitution.

Limitations exist regarding the extent to which management may modify an appropriation. Legislative approval is required for the transfer of appropriations from one fund to another. The following adjustments may be made, with the appropriate approval:

Idaho Code Section 67-3511(1) allows agencies to transfer spending authority between objects within a fund and program, with the exception of personnel costs. Appropriations for personnel costs may be transferred to other objects, but appropriations for other costs may not be transferred to personnel. Per Idaho Code Section 67-3511(3), appropriations for capital outlay may not be used for any other purpose, but appropriations for other objects may be transferred to capital outlay. The SBE must approve object transfers.

Idaho Code Section 67-3511(2) allows agencies to transfer spending authority from one program to another within an agency, provided the transfer is not more than 10 percent cumulative change from the appropriated amount for any program affected by the transfer. The DFM and the SBE must approve these transfers. The Legislature must approve transfers above 10 percent cumulative change.

Should any change occur that is not within the described limitations, legal compliance is not achieved.

The General Fund's natural resources function had a negative variance stemming from fire suppression deficiency warrants. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

Budgetary Basis of Accounting

The State's legal budget is prepared using cash basis records. Revenues are generally recognized when cash is received. Expenditures are recorded when the related cash disbursement occurs. Encumbrances are allowed for budgetary control purposes. Fund balances are restricted or committed for obligations incurred for goods or services that have not been received. Encumbrances may be carried over to the next fiscal year with the approval of the DFM. The Budgetary Comparison Schedule is prepared on the budgetary basis and includes this variation from generally accepted accounting principles (GAAP). The original budget amount represents the original appropriation, prior year reappropriations, and continuous appropriations. The final budget amount includes the original budget plus supplemental (positive or negative)

appropriations, Governor's holdbacks, Board of Examiners reductions, object transfers, actual transfers, and receipts to the appropriation. The reconciliation at the bottom of the Budgetary Comparison Schedule shows the difference between the budgetary basis and GAAP.

The State does not adopt a revenue budget. For financial reporting purposes, the Budgetary Comparison Schedule reflects budgeted revenues as being equal to actual revenues. The State issues a separate Legal Basis Financial Report, which demonstrates legal compliance with the budget. A copy of this report may be viewed online at www.sco.idaho.gov. Look under "Accounting" and then "Financial Reports and Public Information."

INFRASTRUCTURE – MODIFIED APPROACH REPORTING

Under GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* governments are allowed an alternative to depreciation for their infrastructure assets, referred to as the modified approach. Using the modified approach, governments report maintenance and preservation expenses and do not report depreciation expense on qualifying assets. In order to use the modified approach, the State must manage the infrastructure assets using an asset management system and maintain those assets at established condition levels. The asset management system must meet all of the following requirements:

- Maintain an up-to-date inventory of eligible infrastructure assets
- Perform condition assessments of eligible assets and summarize the results using a measurement scale
- Annually estimate the cost to maintain and preserve the assets at the condition level established
- Document the condition level at which the assets are being preserved and maintained

The State of Idaho has chosen to use the modified approach in reporting the roadway network, which consists of approximately 12,271 lane miles.

Measurement Scale

The Idaho Transportation Department (ITD) determines the condition of the State's roadway surfaces by use of the Pavement Management System. The roadway surface condition is determined using three pavement-condition data elements: International Roughness Index, rutting depth, and pavement distress, collected as follows:

The International Roughness Index (IRI) is a primary indicator of pavement serviceability or the ability of a pavement to meet the demands and expectations of motorists. Idaho has adopted a roughness index (RI) to correlate the measured IRI of the road surface to a 0.0-5.0 scale.index, with 0.0 being extremely rough and 5.0 being smooth.

Rutting Depth is a primary indicator of pavement distress caused by fatigue in the roadway wheelpath. The ITD annually collects longitudinal profiles and rutting depths of all pavement management sections statewide.

The ITD uses a Class II-type profilometer to measure IRI and rutting depth. A Profiler Van mounted with a profilometer, laser sensors, and personal computers travels at normal posted speeds and collects and stores road-profile information at one-tenth of a foot intervals.

Pavement Distress (Cracking) is the final important indicator of pavement condition. The Profiler Van used to collect roughness and rutting information also collects video of the entire state highway system each year. The video equipment records images of both the forward facing view and a downward facing view so that pavement distress is easily seen. The pavement management engineer then uses this video or actual field observations to determine the type, extent, and severity of cracking within each pavement management section. A cracking index (CI) is calculated for each section. The CI rating is very similar to the RI with 5.0 corresponding to a section with little or no cracking and 0.0 representing a section with severe cracking.

Pavement surface condition assessment is dependent upon functional classification and is divided into two functional class categories: interstates and arterials, and collectors. The surface condition is measured by Roughness Index (RI), Rutting Depth, and Crack Index (CI). Each category has its own thresholds, which differ slightly depending on the assigned functional class. The measurement ranges for each of these conditions is shown in the following chart:

Condition: Roughness Index		
	Functional Class	
Pavement Condition	Interstate and Arterials	Collectors
Good	RI > 3.0	RI > 3.0
Fair	2.5 ≤ RI ≤ 3.0	2.0 ≤ RI ≤ 3.0
Poor	2.0 ≤ RI <2.5	1.5 ≤ RI < 2.0
Very Poor	RI < 2.0	RI < 1.5

Condition: Rutting		
	Functional Class	
Pavement Condition	Interstate and Arterials	Collectors
Good	0.00”- 0.24”	0.00”- 0.49”
Fair	0.25”- 0.49”	0.50”- 0.99”
Poor	0.50”- 0.74”	1.00”- 1.49”
Very Poor	≥0.75”	≥1.50”

Condition: Cracking Index		
	Functional Class	
Pavement Condition	Interstate and Arterials	Collectors
Good	CI > 3.0	CI > 3.0
Fair	2.5 ≤ CI ≤ 3.0	2.0 ≤ CI ≤ 3.0
Poor	2.0 ≤ CI <2.5	1.5 ≤ CI < 2.0
Very Poor	CI < 2.0	CI < 1.5

Established Condition Level

The ITD has established the condition level that no more than 30 percent of pavement shall be in poor or very poor condition. In calendar year 2016 the assessed level was maintained at 16.1 percent. Infrastructure preservation and restoration is a priority for the State. As a result of this focus, the ITD has provided all available funds to meet these goals.

Assessed Condition Ratings of State Roadways

Most Recent Five Complete Condition Assessments
Percent of Total Lane Miles per Pavement Condition

	2015		2014		2013		2012		2011	
Good	7,301	59.5%	7,507	61.2%	7,239	59.2%	7,614	62.3%	7,748	63.4%
Fair	2,992	24.4%	3,016	24.5%	3,240	26.5%	2,946	24.1%	2,849	23.3%
Poor	1,736	14.1%	1,480	12.1%	1,544	12.6%	1,479	12.1%	1,451	11.9%
Very Poor	242	2.0%	266	2.2%	213	1.7%	183	1.5%	174	1.4%
Total Lane Miles	**12,271**	**100%**	**12,269**	**100%**	**12,236**	**100%**	**12,222**	**100%**	**12,222**	**100%**

Estimated and Actual Costs to Maintain

The information below reflects the State’s estimate of spending necessary to preserve and maintain the roads at, or above, the established condition level, and the actual amount spent during the past six fiscal years (*dollars in thousands):*

	FY2017	FY2016	FY2015	FY2014	FY2013	FY2012	FY2011
Estimated	$112,537	$111,475	$90,905	$122,831	$104,612	$110,125	$170,828
Actual		$73,499	$89,972	$107,718	$125,839	$161,290	$137,922

PENSION

PERSI Base Plan

Schedule of Net Pension Liability Proportionate Share
(dollars in thousands)

	2016	2015
Proportion of Net Pension Liability (NPL)	25.8%	25.5%
Proportionate Share of NPL	$ 339,548	$ 187,540
Covered Employee Payroll	$ 743,772	$ 722,235
Proportionate Share of NPL as a Percentage of Covered Employee Payroll	45.7%	26.0%
Plan Fiduciary Net Position	$ 13,956,663	$ 13,833,143
Plan Total Pension Liability	$ 15,273,500	$ 14,569,300
Plan Fiduciary Net Position as a Percentage of Plan Total Pension Liability	91.4%	94.9%

Schedule of Contributions
(dollars in thousands)

Fiscal Year Ended June 30	(a) Actuarially Determined Contribution	(b) Contributions in Relation to Actuarially Determined Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Covered Employee Payroll	Contributions as a Percentage of Covered Payroll (b) : (d)
2015*	$ 81,757	$ 81,757	$ 0	$ 722,235	11.32%
2016	$ 84,195	$ 84,195	$ 0	$ 743,772	11.32%

*Amounts are restated due to the adoption of GASB Statements No. 68 and No. 71 for pensions during fiscal year 2016 by the State Bar, the Potato Commission, and the Dairy Commission.

Schedules above intended to show information for 10 years. Information for additional years will be displayed as they become available.

Required Supplementary Information
For the Fiscal Year Ended June 30, 2016

Judges' Retirement Fund

Schedule of Changes in Employer's Net Pension Liability
(dollars in thousands)

		2016	2015
Total Pension Liability			
Service Cost		$ 3,111	$ 3,251
Interest		6,889	6,590
Benefit Changes			
Economic/Demographic Gains (Losses)		(1,648)	285
Assumption Changes			
Benefit Payments, Including Refunds		(5,975)	(5,577)
Net Change in Total Pension Liability		2,377	4,549
Total Pension Liability - Beginning		96,852	92,303
Total Pension Liability - Ending	(a)	99,229	96,852
Plan Net Position			
Contributions - Employer		3,371	3,596
Contributions - Employee		624	629
Net Investment Income		1,094	2,052
Transfer In			
Benefit Payments, Including Refunds		(5,975)	(5,577)
Administrative Expense		(133)	(96)
Net Change in Plan Net Position		(1,019)	604
Plan Fiduciary Net Position - Beginning		76,468	75,864
Plan Fiduciary Net Position - Ending	(b)	75,449	76,468
Net Pension Liability - Ending	(a) - (b)	$ 23,780	$ 20,384
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		76.03%	78.95%
Covered Employee Payroll		$ 6,097	$ 6,149
Net Pension Liability as a Percentage of Covered Employee Payroll		390.01%	331.50%

Schedule intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Required Supplementary Information
For the Fiscal Year Ended June 30, 2016

Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended June 30	(a) Actuarially Determined Contribution	(b) Contributions in Relation to Actuarially Determined Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Covered Employee Payroll	Contributions as a Percentage of Covered Payroll (b) : (d)
2007	$ 2,817	$ 1,892	$ 925	$ 5,669	33.37%
2008	$ 3,401	$ 1,896	$ 1,505	$ 5,723	33.13%
2009	$ 4,156	$ 2,007	$ 2,149	$ 5,960	33.67%
2010	$ 3,735	$ 2,023	$ 1,712	$ 5,645	35.84%
2011	$ 3,286	$ 2,028	$ 1,258	$ 5,700	35.58%
2012	$ 2,979	$ 1,973	$ 1,006	$ 5,847	33.74%
2013	$ 2,939	$ 2,662	$ 277	$ 5,868	45.36%
2014	$ 2,949	$ 2,717	$ 232	$ 5,634	48.23%
2015	$ 3,493	$ 3,595	$ (102)	$ 6,149	58.46%
2016	$ 3,463	$ 3,370	$ 93	$ 6,097	55.27%

Schedule of Investment Returns

	2016	2015	2014	2013
Annual Money Weighted Rate of Return, Net of Investment Expense	1.51%	2.75%	16.89%	8.76%

Schedule intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

***Note to the Judges' Retirement Fund Schedules*:**

Assumptions Used to Calculate Actuarially Determined Contributions

Valuation Date	July 1, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll - Open
Amortization Period	25 Years
Actuarial Assumptions:	
Investment Rate of Return - Gross	7.50%
Projected Salary Increases, Including Inflation	3.75%
Post-retirement Cost of Living Allowance Increases	1.00% or 3.75%
Implied Price Inflation Rate	3.25%

OTHER POSTEMPLOYMENT BENEFITS

Schedule of Funding Progress *(dollars in thousands)*:

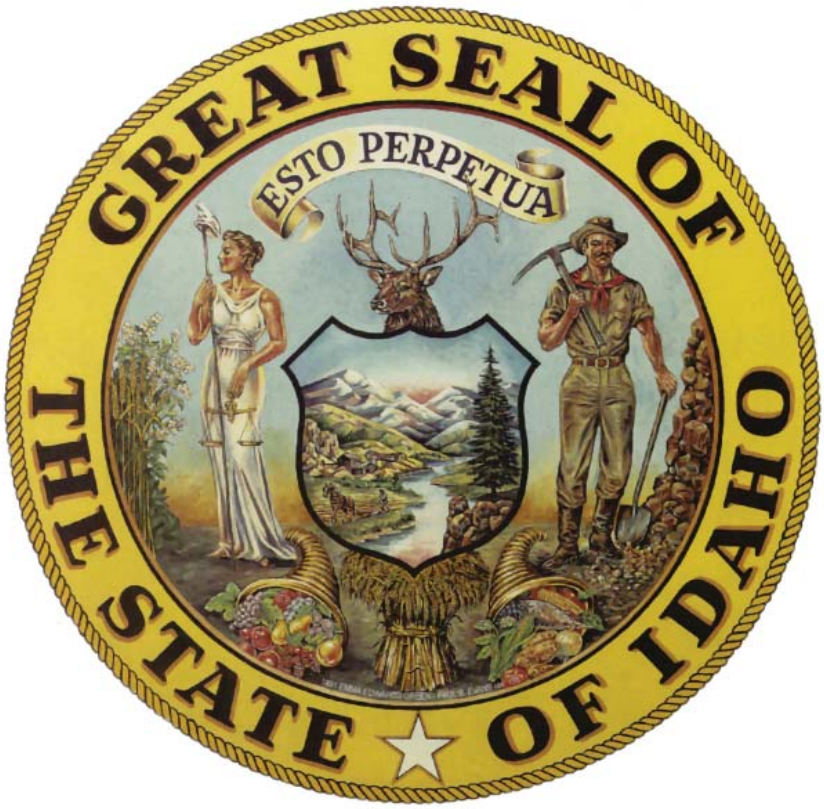
OPEB Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) : (5)
Retiree Healthcare	7/1/2013	$ 0	$ 15,208	$ 15,208	0.0	$862,810	1.8 %
	7/1/2014	$ 0	$ 23,260	$ 23,260	0.0	$907,637	2.6 %
	7/1/2015	$ 0	$ 23,312	$ 23,312	0.0	$944,555	2.5 %
Long-Term Disability Healthcare	7/1/2013	$ 0	$ 6,921	$ 6,921	0.0	$862,810	0.8 %
	7/1/2014	$ 0	$ 7,958	$ 7,958	0.0	$907,637	0.9 %
	7/1/2015	$ 0	$ 7,645	$ 7,645	0.0	$944,555	0.8 %
Life Insurance	7/1/2013	$ 0	$ 5,400	$ 5,400	0.0	$862,810	0.6 %
	7/1/2014	$ 0	$ 4,408	$ 4,408	0.0	$907,637	0.5 %
	7/1/2015	$ 0	$ 3,720	$ 3,720	0.0	$944,555	0.4 %
Income	7/1/2013	$ 0	$ 3,622	$ 3,622	0.0	$862,810	0.4 %
	7/1/2014	$ 0	$ 3,088	$ 3,088	0.0	$907,637	0.3 %
	7/1/2015	$ 0	$ 2,690	$ 2,690	0.0	$944,555	0.3 %
Retiree Life Insurance	7/1/2013	$ 0	$ 42,353	$ 42,353	0.0	$271,768	15.6 %
	7/1/2014	$ 0	$ 36,444	$ 36,444	0.0	$285,407	12.8 %
	7/1/2015	$ 0	$ 50,672	$ 50,672	0.0	$296,982	17.1 %
University of Idaho	7/1/2013	$ 28,271	$ 61,476	$ 33,205	46.0	$132,777	25.0 %
	7/1/2014	$ 29,768	$ 62,465	$ 32,697	47.7	$140,728	23.2 %
	7/1/2015	$ 30,528	$ 58,201	$ 27,673	52.5	$150,995	18.3 %

Schedule of Employer Contributions *(dollars in thousands)*:

OPEB Plan	Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions	Actual Contributions as Percentage of ARC
Retiree Life Insurance	6/30/2014	$ 3,432	$ 582	16.96%
	6/30/2015	$ 3,827	$ 637	16.64%
	6/30/2016	$ 3,999	$ 661	16.53%
University of Idaho	6/30/2014	$ 3,368	$ 3,178	94.36%
	6/30/2015	$ 3,177	$ 3,233	101.76%
	6/30/2016	$ 2,711	$ 2,751	101.48%

Combining Financial Statements

Driggs


GREAT SEAL OF
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ESTO PERPETUA

NONMAJOR GOVERNMENTAL FUNDS include nonmajor special revenue funds, and a capital projects fund. The following provides a brief description of the nonmajor governmental funds.

NONMAJOR SPECIAL REVENUE FUNDS account for specific revenues that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Agriculture and Natural Resources Fund accounts for the financial position and operations associated with the maintenance, preservation, and regulation of the State's parks, water, air, and agricultural resources. The major sources of funding are dedicated user fees, taxes, and federal grants.

The Regulatory Fund accounts for the financial position and operations associated with various professional licensing and monitoring functions. The major sources of funding are taxes and license fees.

The Fish and Game Fund accounts for the financial position and operations associated with enforcing and administering the fish and game laws in Idaho and perpetuating and managing the State's wildlife resources. The major sources of funding are dedicated user fees and federal grants.

The Federal Fund accounts for a portion of the financial position and operations associated with federal grants received by the State. Some federal grants are included in other funds of the State.

The Miscellaneous Fund accounts for the financial position and operations associated with general government services. The major sources of funding are provided by the sale of goods and services, miscellaneous taxes and fees, and other revenues.

The Building Authority accounts for the financial position and operations associated with the construction and financing of facilities, such as office buildings and parking garages to be used by the State. The major sources of funding are the sale of goods and services and bonds issued. The Building Authority is a blended component unit.

THE CAPITAL PROJECTS FUND accounts for specific revenues that are restricted, committed, or assigned to finance construction of capital assets.

The Transportation Infrastructure Fund accounts for the financial position and operations associated with the construction and financing of roads, bridges, and rest areas. The major sources of funding are provided by federal highway funds and notes issued.

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(dollars in thousands)

	Special Revenue		
	Agriculture and Natural Resources	Regulatory	Fish and Game
ASSETS			
Cash and Cash Equivalents	$ 4,378	$ 1,035	
Pooled Cash and Investments	91,347	68,953	$ 21,095
Investments	42,040	20,768	4,452
Accounts Receivable, Net	2,371	2,420	1,473
Taxes Receivable, Net	3,743		
Interfund Receivables		14	168
Due from Other Entities	2,594		6,822
Inventories and Prepaid Items	2,849	602	8,862
Loans, Notes, and Pledges Receivable, Net	3,526		10
Other Assets	485	212	110
Restricted Assets:			
Cash and Cash Equivalents	13,039	962	4,630
Investments	75,664		28,318
Total Assets	$ 242,036	$ 94,966	$ 75,940
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 3,153	$ 57	$ 1,930
Payroll and Related Liabilities	3,788	2,023	3,188
Interfund Payables	110	38	25
Due to Other Entities	2		
Unearned Revenue	3,921	1,028	
Amounts Held in Trust for Others	986	112	5
Other Accrued Liabilities	613	1,581	1,500
Total Liabilities	12,573	4,839	6,648
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	668	4,393	311
Fund Balances			
Nonspendable:			
Permanent Trusts			2,778
Inventories and Prepaid Items	2,849	602	8,862
Noncurrent Receivables			
Restricted	163,834	85,132	57,341
Committed	60,163		
Assigned	1,949		
Total Fund Balances	228,795	85,734	68,981
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 242,036	$ 94,966	$ 75,940

			Capital Projects		
Federal	Miscellaneous	Building Authority	Transportation Infrastructure		Total
		$ 2,545			$ 7,958
$ 9,173	$ 86,517				277,085
	16,498	308			84,066
172	10,013				16,449
	2,824				6,567
133	472				787
49,814					59,230
746	3,170				16,229
					3,536
41	1,134	17			1,999
12,819	546	3,136			35,132
		1,524			105,506
$ 72,898	$ 121,174	$ 7,530	$ 0		$ 614,544
$ 36,258	$ 1,170	$ 15			$ 42,583
5,125	3,192				17,316
1,610	73				1,856
					2
2,369	92				7,410
					1,103
543	165				4,402
45,905	4,692	15			74,672
8,048	9,143				22,563
					2,778
746	3,170				16,229
18,199	68,038	7,515			400,059
	36,131				96,294
					1,949
18,945	107,339	7,515			517,309
$ 72,898	$ 121,174	$ 7,530	$ 0		$ 614,544

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	Special Revenue			
	Agriculture and Natural Resources	**Regulatory**	**Fish and Game**	**Federal**
REVENUES				
Sales Tax	$ 4,800			
Individual and Corporate Taxes	13		$ 7	
Other Taxes	39,367	$ 81,140		
Licenses, Permits, and Fees	46,023	55,953	40,178	
Sale of Goods and Services	3,951	1,360	301	$ 72
Grants and Contributions	24,421	1	52,408	422,566
Investment Income	2,495	817	2,575	167
Other Income	3,629	719	540	214
Total Revenues	124,699	139,990	96,009	423,019
EXPENDITURES				
Current:				
General Government		3,405		60,078
Public Safety and Correction		2,822		7,722
Education				244,187
Economic Development	49,213	45,748	100	72,699
Natural Resources	66,535	1,120	80,441	4,978
Capital Outlay	3,636	793	8,606	4,773
Intergovernmental Revenue Sharing	11,294			34,003
Debt Service:				
Principal Retirement			503	10
Interest and Other Charges	13		281	5
Total Expenditures	130,691	53,888	89,931	428,455
Revenues Over (Under) Expenditures	(5,992)	86,102	6,078	(5,436)
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Capital Lease Acquisitions				
Sale of Capital Assets	106	35	748	76
Transfers In	17,472		408	16
Transfers Out	(2,146)	(83,730)	(137)	(1,478)
Total Other Financing Sources (Uses)	15,432	(83,695)	1,019	(1,386)
Net Changes in Fund Balances	9,440	2,407	7,097	(6,822)
Fund Balances - Beginning of Year, as Restated	219,355	83,327	61,884	25,767
Fund Balances - End of Year	$ 228,795	$ 85,734	$ 68,981	$ 18,945

	Capital Projects		
Miscellaneous	Building Authority	Transportation Infrastructure	Total
$ 1,964			$ 6,764
			20
28,190			148,697
28,700			170,854
17,266	$ 14,924		37,874
594			499,990
2,615	(77)	$ 6,162	14,754
11,653			16,755
90,982	14,847	6,162	895,708
6,119	321		69,923
55,923			66,467
3,369			247,556
29,477		52	197,289
57			153,131
6,131		18,426	42,365
9,648			54,945
	8,260		8,773
11	6,239		6,549
110,735	14,820	18,478	846,998
(19,753)	27	(12,316)	48,710
		12,270	12,270
193			1,158
23,430			41,326
(838)			(88,329)
22,785		12,270	(33,575)
3,032	27	(46)	15,135
104,307	7,488	46	502,174
$ 107,339	$ 7,515	$ 0	$ 517,309

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	Special Revenue			
	Agricultural and Natural Resources			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax	$ 4,800	$ 4,800	$ 4,800	
Other Taxes	39,161	39,161	39,161	
Licenses, Permits, and Fees	46,108	46,108	46,108	
Sale of Goods and Services	4,185	4,185	4,185	
Grants and Contributions	25,814	25,814	25,814	
Investment Income	631	631	631	
Other Income	3,120	3,120	3,120	
Total Revenues	$ 123,819	$ 123,819	123,819	
EXPENDITURES				
General Government				
Public Safety and Correction				
Health and Human Services				
Education				
Economic Development	$ 51,667	$ 53,799	49,869	$ 3,930
Natural Resources	109,187	109,436	79,745	29,691
Total Expenditures	$ 160,854	$ 163,235	129,614	$ 33,621
Revenues Over (Under) Expenditures			(5,795)	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Capital Lease Acquisitions				
Sale of Capital Assets			106	
Transfers In			17,472	
Transfers Out			(2,146)	
Total Other Financing Sources (Uses)			15,432	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			9,637	
Reconciling Items				
Changes Affected by Accrued Revenues			880	
Changes Affected by Accrued Expenditures			(1,077)	
Fund Balances - Beginning of Year, as Restated			219,355	
Fund Balances - End of Year			$ 228,795	

continued

Special Revenue								
Regulatory					Fish and Game			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget		Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
$ 84,781	$ 84,781	$ 84,781						
55,039	55,039	55,039			$ 40,178	$ 40,178	$ 40,178	
1,288	1,288	1,288			301	301	301	
2	2	2			49,870	49,870	49,870	
109	109	109			169	169	169	
513	513	513			614	614	614	
$ 141,732	$ 141,732	141,732			$ 91,132	$ 91,132	91,132	
$ 3,405	$ 3,405	3,405						
3,377	3,386	2,922	$ 464					
48,814	48,954	44,144	4,810		$ 216	$ 216	100	$ 116
1,574	1,574	1,102	472		99,590	101,361	89,641	11,720
$ 57,170	$ 57,319	51,573	$ 5,746		$ 99,806	$ 101,577	89,741	$ 11,836
		90,159					1,391	
		35					748	
							408	
		(83,730)					(137)	
		(83,695)					1,019	
		6,464					2,410	
		(1,742)					4,877	
		(2,315)					(190)	
		83,327					61,884	
		$ 85,734					$ 68,981	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	Special Revenue			
	Federal			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax				
Other Taxes				
Licenses, Permits, and Fees				
Sale of Goods and Services	$ 72	$ 72	$ 72	
Grants and Contributions	428,656	428,656	428,656	
Investment Income	87	87	87	
Other Income	189	189	189	
Total Revenues	$ 429,004	$ 429,004	429,004	
EXPENDITURES				
General Government	$ 89,502	$ 93,052	72,295	$ 20,757
Public Safety and Correction	16,372	16,705	10,356	6,349
Health and Human Services				
Education	319,109	319,111	265,678	53,433
Economic Development	109,323	109,330	81,992	27,338
Natural Resources	18,241	18,241	8,891	9,350
Total Expenditures	$ 552,547	$ 556,439	439,212	$ 117,227
Revenues Over (Under) Expenditures			(10,208)	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Capital Lease Acquisitions				
Sale of Capital Assets			76	
Transfers In			16	
Transfers Out			(1,478)	
Total Other Financing Sources (Uses)			(1,386)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(11,594)	
Reconciling Items				
Changes Affected by Accrued Revenues			(5,985)	
Changes Affected by Accrued Expenditures			10,757	
Fund Balances - Beginning of Year			25,767	
Fund Balances - End of Year			$ 18,945	

continued

Special Revenue							
Miscellaneous				Building Authority			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
$ 1,747	$ 1,747	$ 1,747					
22,526	22,526	22,526					
28,646	28,646	28,646					
11,732	11,732	11,732		$ 14,924	$ 14,924	$ 14,924	
913	913	913					
636	636	636		(77)	(77)	(77)	
11,196	11,196	11,196					
$ 77,396	$ 77,396	77,396		$ 14,847	$ 14,847	14,847	
$ 7,692	$ 7,735	7,558	$ 177	$ 14,820	$ 14,820	14,820	
74,182	74,722	64,782	9,940				
6,583	6,583	4,104	2,479				
51,299	51,311	34,550	16,761				
112	112	57	55				
$ 139,868	$ 140,463	111,051	$ 29,412	$ 14,820	$ 14,820	14,820	
		(33,655)				27	
		193					
		23,430					
		(838)					
		22,785					
		(10,870)				27	
		13,586					
		316					
		104,307				7,488	
		$ 107,339				$ 7,515	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	Capital Projects			
	Transportation Infrastructure			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax				
Other Taxes				
Licenses, Permits, and Fees				
Sale of Goods and Services				
Grants and Contributions				
Investment Income	$ 6,162	$ 6,162	$ 6,162	
Other Income				
Total Revenues	$ 6,162	$ 6,162	6,162	
EXPENDITURES				
General Government				
Public Safety and Correction				
Health and Human Services				
Education				
Economic Development	$ 18,446	$ 18,446	18,446	
Natural Resources				
Total Expenditures	$ 18,446	$ 18,446	18,446	
Revenues Over (Under) Expenditures			(12,284)	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued			12,270	
Capital Lease Acquisitions				
Sale of Capital Assets				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)			12,270	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(14)	
Reconciling Items				
Changes Affected by Accrued Revenues				
Changes Affected by Accrued Expenditures			(32)	
Fund Balances - Beginning of Year, as Restated			46	
Fund Balances - End of Year			$ 0	

Total				
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	
$ 6,547	$ 6,547	$ 6,547		
146,468	146,468	146,468		
169,971	169,971	169,971		
32,502	32,502	32,502		
505,255	505,255	505,255		
7,717	7,717	7,717		
15,632	15,632	15,632		
$ 884,092	$ 884,092	884,092		
$ 115,419	$ 119,012	98,078	$ 20,934	
93,931	94,813	78,060	16,753	
325,692	325,694	269,782	55,912	
279,765	282,056	229,101	52,955	
228,704	230,724	179,436	51,288	
$ 1,043,511	$ 1,052,299	854,457	$ 197,842	
		29,635		
		12,270		
		1,158		
		41,326		
		(88,329)		
		(33,575)		
		(3,940)		
		11,616		
		7,459		
		502,174		
		$ 517,309		

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Major Permanent Fund
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	Land Endowments			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sale of Goods and Services	$ 80,261	$ 80,261	$ 80,261	
Investment Income	(2,787)	(2,787)	(2,787)	
Total Revenues	$ 77,474	$ 77,474	77,474	
EXPENDITURES				
Natural Resources	$ 40,679	$ 40,695	33,698	$ 6,997
Total Expenditures	$ 40,679	$ 40,695	33,698	$ 6,997
Revenues Over (Under) Expenditures			43,776	
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets			26,901	
Transfers Out			(56,673)	
Total Other Financing Sources (Uses)			(29,772)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			14,004	
Reconciling Items				
Changes Affected by Accrued Revenues			122	
Changes Affected by Accrued Expenditures			639	
Fund Balances - Beginning of Year			1,847,902	
Fund Balances - End of Year			$ 1,862,667	

NONMAJOR ENTERPRISE FUNDS account for those funds that provide goods or services to the general public and finance their operations primarily through user charges. The following provide brief descriptions of the nonmajor enterprise funds.

The State Lottery Fund accounts for the financial position and operations associated with lottery games. Established by the Legislature in 1988, the State Lottery's purpose is to adopt rules and regulations governing the establishment and operation of lottery games, to oversee lottery operations, and to maximize the net income of the lottery for the benefit of the State. Annually, on July 1, the State Lottery's surplus net income is distributed as follows: 3/8 of its net income to the permanent building account, 3/8 of its net income to the school district building account, and 1/4 of its net income to the bond levy equalization fund as dictated by Idaho Code Section 67-7434.

The State Liquor Fund accounts for the financial position and operations associated with the distribution, sale, and consumption of alcoholic beverages. Per Idaho Code Section 23-404, after deducting administrative and operating costs for the Liquor Division, distributions are made to cities, counties, the General Fund, and various other funds of the State.

The Correctional Industries Fund accounts for the financial position and operations associated with employment for inmates of the Department of Correction. Correctional Industries manufactures and sells a variety of items including license plates, furniture, highway signs, printing services, and other products and services.

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2016
(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 2,491			$ 2,491
Pooled Cash and Investments		$ 16,179	$ 5,681	21,860
Accounts Receivable, Net	1,268	131	387	1,786
Interfund Receivables			190	190
Inventories and Prepaid Items	77	17,403	1,435	18,915
Other Current Assets		124	9	133
Total Current Assets	3,836	33,837	7,702	45,375
Noncurrent Assets				
Restricted Cash and Cash Equivalents	52,119			52,119
Other Noncurrent Assets			1	1
Capital Assets, Net	386	9,377	2,944	12,707
Total Noncurrent Assets	52,505	9,377	2,945	64,827
Total Assets	56,341	43,214	10,647	110,202
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	590	1,956	481	3,027
Total Assets and Deferred Outflows of Resources	$ 56,931	$ 45,170	$ 11,128	$ 113,229
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 1,598	$ 11,647	$ 255	$ 13,500
Payroll and Related Liabilities	217	664	121	1,002
Interfund Payables		6,449	66	6,515
Due to Other Entities		7,130		7,130
Other Accrued Liabilities	3,365	1		3,366
Compensated Absences Payable	145	515	80	740
Bonds, Notes, and Capital Leases Payable	28			28
Total Current Liabilities	5,353	26,406	522	32,281
Noncurrent Liabilities				
Bonds, Notes, and Capital Leases Payable	68			68
Other Long-Term Obligations	886	3,265	737	4,888
Total Noncurrent Liabilities	954	3,265	737	4,956
Total Liabilities	6,307	29,671	1,259	37,237
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	632	1,994	441	3,067
NET POSITION				
Net Investment in Capital Assets	290	9,377	2,945	12,612
Restricted for:				
Other Purposes	49,702	4,128	6,483	60,313
Total Net Position	49,992	13,505	9,428	72,925
Total Liabilities and Net Position	$ 56,931	$ 45,170	$ 11,128	$ 113,229

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
OPERATING REVENUES				
Licenses, Permits, and Fees				
Sale of Goods and Services	$ 236,755	$ 187,583	$ 8,812	$ 433,150
Other Income	63	19	645	727
Total Operating Revenues	236,818	187,602	9,457	433,877
OPERATING EXPENSES				
Personnel Costs	2,764	11,485	2,135	16,384
Services and Supplies	28,351	103,753	4,756	136,860
Benefits, Awards, and Premiums	153,650			153,650
Depreciation	105	719	459	1,283
Other Expenses	239	5,399	1,605	7,243
Total Operating Expenses	185,109	121,356	8,955	315,420
Operating Income (Loss)	51,709	66,246	502	118,457
NONOPERATING REVENUES (EXPENSES)				
Investment Income	1	126	42	169
Interest Expense	(6)	(2)	(1)	(9)
Intergovernmental Distributions		(32,530)		(32,530)
Gain (Loss) on Sale of Capital Assets		(13)	83	70
Other Nonoperating Revenues (Expenses)				
Total Nonoperating Revenues (Expenses)	(5)	(32,419)	124	(32,300)
Income (Loss) Before Transfers	51,704	33,827	626	86,157
Transfers Out	(45,000)	(32,556)		(77,556)
Change in Net Position	6,704	1,271	626	8,601
Total Net Position - Beginning of Year	43,288	12,234	8,802	64,324
Total Net Position - End of Year	$ 49,992	$ 13,505	$ 9,428	$ 72,925

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	$ 237,750	$ 187,705	$ 5,126	$ 430,581
Receipts from Interfund Services		1	4,448	4,449
Payments to Employees	(2,804)	(11,574)	(2,095)	(16,473)
Payments to Suppliers	(28,738)	(108,428)	(5,887)	(143,053)
Payments for Interfund Services		(733)	(170)	(903)
Payments for Benefits, Awards, and Claims	(152,814)			(152,814)
Other Payments		(232)	(101)	(333)
Net Cash Provided (Used) by Operating Activities	53,394	66,739	1,321	121,454
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental Distributions		(31,503)		(31,503)
Transfers Out	(45,000)	(31,540)		(76,540)
Net Cash Provided (Used) by Noncapital Financing Activities	(45,000)	(63,043)		(108,043)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING				
Principal Payments	(27)			(27)
Interest Payments	(6)			(6)
Proceeds from Disposition of Capital Assets			87	87
Acquisition and Construction of Capital Assets	(63)	(157)	(287)	(507)
Net Cash Provided (Used) by Capital and Related Financing Activities	(96)	(157)	(200)	(453)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of Interest and Dividends	1	111	38	150
Other Investing Activities		(106)	(44)	(150)
Net Cash Provided (Used) by Investing Activities	1	5	(6)	
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	8,299	3,544	1,115	12,958
Beginning Cash, Cash Equivalents, and Pooled Cash	46,311	12,635	4,566	63,512
Ending Cash, Cash Equivalents, and Pooled Cash	$ 54,610	$ 16,179	$ 5,681	$ 76,470
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$ 51,709	$ 66,246	$ 502	$ 118,457
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by				
Depreciation and Amortization	105	719	459	1,283
Net Changes in Assets and Liabilities:				
Accounts Receivable/Interfund Receivables	1,207	57	117	1,381
Inventories and Prepaid Items		(1,539)	69	(1,470)
Other Assets	57	48		105
Accounts Payable/Interfund Payables	385	1,298	134	1,817
Compensated Absences		30	(19)	11
Other Accrued Liabilities		1,328	402	1,730
Net Changes in Deferred Outflows/Inflows of Resources	(69)	(1,448)	(343)	(1,860)
Net Cash Provided (Used) by Operating Activities	$ 53,394	$ 66,739	$ 1,321	$ 121,454
Noncash Transactions (dollars in thousands):				

State Liquor disposed of assets at a loss of $13 and $4 for Correctional Industries. State Liquor recorded an interfund payable of $1,015 due on July 1, 2016.

INTERNAL SERVICE FUNDS account for those funds which provide goods or services to state agencies and governmental units on a cost-reimbursement basis. The following provide brief descriptions of operations included in the internal service funds.

The Group Insurance Fund, created by Idaho Code Section 67-5771, accounts for health insurance for all state employees and optional coverage for dependents and retirees. The fund also provides life insurance and short and long-term disability coverage.

The Risk Management Fund, created by Idaho Code Section 67-5776, accounts for insurance coverage and loss prevention to all state agencies. Coverage is provided using a combination of self-insurance and insurance purchased from commercial carriers.

The General Services Fund, created by Idaho Code Sections 67-5703, 67-5744, and 67-3516, accounts for statewide auditing, human resources, treasury, surplus property redistribution and sale, copying, purchasing, mail, and voice and data communication services.

The Data Processing Services Fund, created by Idaho Code Section 67-1021, accounts for data processing services provided by the Office of the State Controller to the various state agencies.

Combining Statement of Net Position
Internal Service Funds
June 30, 2016
(dollars in thousands)

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
ASSETS					
Current Assets					
Pooled Cash and Investments	$ 26,134	$ 3,036	$ 10,406	$ 3,034	$ 42,610
Accounts Receivable, Net			136		136
Interfund Receivables		13	288	515	816
Inventories and Prepaid Items			1,870	2,291	4,161
Other Current Assets	1,970	45	17	5	2,037
Total Current Assets	28,104	3,094	12,717	5,845	49,760
Noncurrent Assets					
Restricted Cash and Cash Equivalents	36,240				36,240
Investments	24,618	8,047			32,665
Other Noncurrent Assets	2	3			5
Capital Assets, Net	2	2	13,751	699	14,454
Total Noncurrent Assets	60,862	8,052	13,751	699	83,364
Total Assets	88,966	11,146	26,468	6,544	133,124
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows	99	99	1,930	978	3,106
Total Assets and Deferred Outflows of Resources	$ 89,065	$ 11,245	$ 28,398	$ 7,522	$ 136,230
LIABILITIES					
Current Liabilities					
Accounts Payable	$ 1,766	$ 2	$ 748	$ 1	$ 2,517
Payroll and Related Liabilities	28	36	597	276	937
Interfund Payables			32		32
Unearned Revenue	19,020		205	339	19,564
Other Accrued Liabilities	3		120		123
Compensated Absences Payable	21	40	589	267	917
Bonds, Notes, and Capital Leases Payable			261		261
Policy Claim Liabilities		2,818			2,818
Total Current Liabilities	20,838	2,896	2,552	883	27,169
Noncurrent Liabilities					
Bonds, Notes, and Capital Leases Payable			2,003		2,003
Policy Claim Liabilities		7,986			7,986
Other Long-Term Obligations	144	150	2,957	1,559	4,810
Total Noncurrent Liabilities	144	8,136	4,960	1,559	14,799
Total Liabilities	20,982	11,032	7,512	2,442	41,968
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows	93	94	1,860	955	3,002
NET POSITION					
Net Investment in Capital Assets	2	3	11,488	698	12,191
Restricted for:					
Claims and Judgments	36,240				36,240
Other Purposes	31,748	116	4,018	3,427	39,309
Unrestricted			3,520		3,520
Total Net Position	67,990	119	19,026	4,125	91,260
Total Liabilities and Net Position	$ 89,065	$ 11,245	$ 28,398	$ 7,522	$ 136,230

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
OPERATING REVENUES					
Sale of Goods and Services	$ 270,760	$ 5,863	$ 26,973	$ 7,232	$ 310,828
Grants and Contributions			64		64
Other Income	32	357	49	5	443
Total Operating Revenues	270,792	6,220	27,086	7,237	311,335
OPERATING EXPENSES					
Personnel Costs	508	516	9,311	4,271	14,606
Services and Supplies	395	3,709	14,090	2,613	20,807
Benefits, Awards, and Premiums	273,856	6,255			280,111
Depreciation			1,280	279	1,559
Other Expenses	1,084	284	576	389	2,333
Total Operating Expenses	275,843	10,764	25,257	7,552	319,416
Operating Income (Loss)	(5,051)	(4,544)	1,829	(315)	(8,081)
NONOPERATING REVENUES (EXPENSES)					
Investment Income	1,046	235	58	27	1,366
Interest Expense	(8)	(1)	(133)		(142)
Gain (Loss) on Sale of Capital Assets			(298)		(298)
Other Nonoperating Revenues (Expenses)			1		1
Total Nonoperating Revenues (Expenses)	1,038	234	(372)	27	927
Income (Loss) Before Transfers	(4,013)	(4,310)	1,457	(288)	(7,154)
Capital Contributions					
Transfers In	13,140		1,738		14,878
Transfers Out					
Change in Net Position	9,127	(4,310)	3,195	(288)	7,724
Total Net Position - Beginning of Year, as Restated	58,863	4,429	15,831	4,413	83,536
Total Net Position - End of Year	$ 67,990	$ 119	$ 19,026	$ 4,125	$ 91,260

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	$ 16,695	$ 185	$ 2,329	$ 1	$ 19,210
Receipts from Interfund Services	259,858	6,101	24,474	7,278	297,711
Receipts from Grants and Contributions			64		64
Payments to Employees	(520)	(510)	(9,416)	(4,267)	(14,713)
Payments to Suppliers	(1,578)	(3,702)	(13,496)	(3,806)	(22,582)
Payments for Interfund Services	(53)	(37)	(1,368)	(51)	(1,509)
Payments for Benefits, Awards, and Claims	(273,856)	(6,755)			(280,611)
Other Payments	(1,082)	(253)	(188)	(109)	(1,632)
Net Cash Provided (Used) by Operating Activities	(536)	(4,971)	2,399	(954)	(4,062)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	13,140		1,738		14,878
Interest Payments			(15)		(15)
Net Cash Provided (Used) by Noncapital Financing Activities	13,140		1,723		14,863
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Payments			(234)		(234)
Interest Payments			(129)		(129)
Proceeds from Disposition of Capital Assets	1	1			2
Acquisition and Construction of Capital Assets			(1,841)	(133)	(1,974)
Net Cash Provided (Used) by Capital and Related Financing	1	1	(2,204)	(133)	(2,335)
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipt of Interest and Dividends	735	153	64	25	977
Purchase of Investments	(454)	(148)			(602)
Other Investing Activities	(442)	(73)	(76)	(36)	(627)
Net Cash Provided (Used) by Investing Activities	(161)	(68)	(12)	(11)	(252)
Net Increase (Decrease) in Cash, Cash Equivalents, and	12,444	(5,038)	1,906	(1,098)	8,214
Beginning Cash, Cash Equivalents, and Pooled Cash	49,930	8,074	8,500	4,132	70,636
Ending Cash, Cash Equivalents, and Pooled Cash	$ 62,374	$ 3,036	$ 10,406	$ 3,034	$ 78,850
Reconciliation of Operating Income (Loss) to Net Cash					
Operating Income (Loss)	$ (5,051)	$ (4,544)	$ 1,829	$ (315)	$ (8,081)
Adjustments to Reconcile Operating Income to Net Cash Provided					
Depreciation and Amortization			1,280	279	1,559
Net Changes in Assets and Liabilities:					
Accounts Receivable/Interfund Receivables	439	65	(137)	121	488
Inventories and Prepaid Items			(371)	(965)	(1,336)
Other Assets	1,246		(16)		1,230
Accounts Payable/Interfund Payables	(1,232)	2	(16)	1	(1,245)
Unearned Revenue	4,076		(66)	(79)	3,931
Compensated Absences	3	12	14	19	48
Policy Claim Liabilities		(500)			(500)
Other Accrued Liabilities	(17)	(6)	(118)	(15)	(156)
Net Cash Provided (Used) by Operating Activities	$ (536)	$ (4,971)	$ 2,399	$ (954)	$ (4,062)

Noncash Transactions (dollars in thousands):

Investments increased in fair value by $225 for Group Insurance and by $74 for Risk Management. Prior period adjustment for restatement of net position due to an adjustment to capital assets for $172 in Data Processing. Disposal of capital assets at a loss of $298 in General Services.

FIDUCIARY FUNDS report assets held in a trustee or agency capacity for others and therefore cannot be used to support the State's own programs. The following provide brief descriptions of the State's fiduciary funds.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, deferred compensation plans, and other postemployment benefit plans. The State's pension trust funds include the following:

The PERSI Base Plan and **the Firefighters' Retirement Fund** are cost-sharing, multiple employer defined benefit retirement plans that provide benefits based on member's years of service, age, and highest average salary. In addition, benefits are provided for disability, for death, and to eligible members' beneficiaries.

The Judges' Retirement Fund is a single-employer defined benefit plan that provides retirement benefits to retired justices, judges, and eligible administrative directors. The Fund also provides allowances to surviving spouses.

The Deferred Compensation Plan is an IRS Section 457(b) tax-advantaged trust fund that accounts for the resources contributed by individuals to fund their retirement.

The 414(k) Plan and the **401(k) Plan** are defined contribution retirement plans that consist of gain sharing allocations, voluntary employee contributions, rollover contributions, and some employer matching contributions.

The Sick Leave Insurance Reserve-State Fund and **the Sick Leave Insurance Reserve-Schools Fund** provide payment of health insurance premiums on behalf of retired employees based on accumulated unused sick leave at the time of retirement.

The University of Idaho Retiree Benefit Trust Fund provides medical and dental benefits to eligible University of Idaho retirees, disabled employees, spouses, and survivors. Employees hired prior to January 1, 2002, are eligible to participate in this plan.

The University of Idaho Health Benefit Trust Fund provides medical, mental health, dental, and vision benefits to active and retired University of Idaho employees.

INVESTMENT TRUST FUNDS account for assets invested by the State on behalf of other governmental entities. The following provide brief descriptions of the State's investment trust funds:

The Local Government Investment Pool is an external investment pool sponsored by the State Treasurer's Office for Local Government Investment Pool participants. The purpose of the Pool is to provide a safe liquid vehicle for investing monies not needed to meet immediate operating obligations and to obtain the best interest rate available at the time of investment.

The Diversified Bond Fund is an external investment pool sponsored by the State Treasurer's Office for Diversified Bond Fund participants. The purpose of the Fund is to provide an investment vehicle with a reasonable level of current income and potential capital appreciation as measured on a long-term basis.

AGENCY FUNDS account for resources held by the State in a purely custodial capacity. The following provides a brief description of the State's agency fund:

The Custodial Fund accounts for residual idle cash and investments held by the State on behalf of other governmental entities and administered by the State Treasurer's Office. The fund also accounts for the receipts and disbursements of monies collected by the State and distributed to entities or individuals. This includes deposits of securities by banks and insurance companies doing business in the State.

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2016
(dollars in thousands)

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457(b)	Defined Contribution 414(k)
ASSETS					
Cash and Cash Equivalents	$ 1,147	$ 29			$ 81
Pooled Cash and Investments	2,291	57	$ 517		
Investments:					
Pooled Short Term	391,299	9,770	2,119		
Fixed Income Investments	3,132,327	78,208	16,964	$ 177,840	
Marketable Securities	8,380,543	209,246	45,387		
Mutual Funds and Private Equities	899,451	22,458	4,871	202,733	55,185
Mortgages and Real Estate	1,117,982	27,914	6,055		
Other Investments				2,529	
Receivables:					
Investments Sold	162,932	4,045	882	2,400	
Contributions	5,487	14		144	
Interest and Dividends	41,983	1,042	227		147
Interfund Receivables	11				
Other Receivables					
Other Assets	64,756				
Capital Assets, Net	11,792				
Total Assets	14,212,001	352,783	77,022	385,646	55,413
LIABILITIES					
Accounts Payable	310				
Interfund Payables	1,767				1
Unearned Revenue					
Investments Purchased	278,431	6,952	1,508		
Policy Claim Liabilities					
Other Accrued Liabilities	10,786	262	65		12
Total Liabilities	291,294	7,214	1,573		13
NET POSITION					
Held in Trust for:					
Employee Pension Benefits	13,920,707	345,569	75,449	385,646	55,400
Postemployment Healthcare Benefits					
Trust Beneficiaries					
Total Net Position	$ 13,920,707	$ 345,569	$ 75,449	$ 385,646	$ 55,400

Defined Contribution 401(k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	U of I Retiree Benefit Trust	U of I Health Benefit Trust	Total
$ 201			$ 878	$ 643	$ 2,979
	$ 16	$ 25			2,906
812					404,000
	51,405	67,910	15,882	2,844	3,543,380
	110,543	180,767			8,926,486
661,810			12,437		1,858,945
					1,151,951
					2,529
					170,259
613					6,258
1,613				14	45,026
	535	1,232			1,778
				379	379
	413	1,024			66,193
					11,792
665,049	162,912	250,958	29,197	3,880	16,194,861
				390	700
10					1,778
					286,891
				1,872	1,872
145	15	24			11,309
155	15	24		2,262	302,550
664,894					15,447,665
	162,897	250,934	29,197		443,028
				1,618	1,618
$ 664,894	$ 162,897	$ 250,934	$ 29,197	$ 1,618	$ 15,892,311

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457(b)	Defined Contribution 414(k)
ADDITIONS					
Contributions:					
Member	$ 220,867	$ 6	$ 624	$ 13,458	
Employer	335,610	7,199	3,370		
Transfers In from Other Plans				26,863	
Total Contributions	556,477	7,205	3,994	40,321	
Investment Income:					
Net Increase (Decrease) in Fair Value of Investments	(72,889)	(1,809)	(414)	1,216	$ 639
Interest, Dividends, and Other	319,620	7,934	1,731	6,461	233
Less Investment Expense:					
Investment Activity Expense	(41,953)	(1,041)	(225)		(6)
Net Investment Income	204,778	5,084	1,092	7,677	866
Miscellaneous Income	25		3		
Total Additions	761,280	12,289	5,089	47,998	866
DEDUCTIONS					
Benefits and Refunds Paid to Plan Members	825,012	19,477	5,975		5,378
Administrative Expense	6,807	59	133	93	523
Participant Withdrawals				23,573	
Total Deductions	831,819	19,536	6,108	23,666	5,901
Change in Net Position Held in Trust for:					
Employee Pension Benefits	(70,539)	(7,247)	(1,019)	24,332	(5,035)
Employee Postemployment Healthcare Benefits					
Trust Beneficiaries					
Net Position - Beginning of Year	13,991,246	352,816	76,468	361,314	60,435
Net Position - End of Year	$ 13,920,707	$ 345,569	$ 75,449	$ 385,646	$ 55,400

Defined Contribution 401(k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	U of I Retiree Benefits Trust	U of I Health Benefits Trust	Total
$ 45,299				$ 4,965	$ 285,219
4,779	$ 6,803	$ 13,980	$ 630	17,233	389,604
11,869					38,732
61,947	6,803	13,980	630	22,198	713,555
(3,530)	3,421	4,019	(39)	32	(69,354)
14,275					350,254
(1,889)	(64)	(99)			(45,277)
8,856	3,357	3,920	(39)	32	235,623
	1				29
70,803	10,161	17,900	591	22,230	949,207
35,986	4,980	13,459		18,433	928,700
1,070	41	64	73	3,358	12,221
					23,573
37,056	5,021	13,523	73	21,791	964,494
33,747					(25,761)
	5,140	4,377	518		10,035
				439	439
631,147	157,757	246,557	28,679	1,179	15,907,598
$ 664,894	$ 162,897	$ 250,934	$ 29,197	$ 1,618	$ 15,892,311

Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2016
(dollars in thousands)

	Local Government Investment Pool	Diversified Bond Fund	Total
ASSETS			
Cash and Equivalents	$ 4,803		$ 4,803
Investments:			
Pooled Short Term	144,153	$ 10,063	154,216
Fixed Income Investments	1,655,973	94,917	1,750,890
Mortgages and Real Estate		63,831	63,831
Receivables:			
Interest and Dividends	1,480	837	2,317
Total Assets	1,806,409	169,648	1,976,057
LIABILITIES			
Accounts Payable	41	7	48
Other Accrued Liabilities	725	219	944
Total Liabilities	766	226	992
NET POSITION			
Held in Trust for:			
External Investment Pool Participants	1,805,643	169,422	1,975,065
Total Net Position	$ 1,805,643	$ 169,422	$ 1,975,065

Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	Local Government Investment Pool	Diversified Bond Fund	Total
ADDITIONS			
Contributions			
Participant Deposits	$ 4,069,687	$ 21,587	$ 4,091,274
Total Contributions	4,069,687	21,587	4,091,274
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	1,093	(92)	1,001
Interest, Dividends, and Other	5,534	4,725	10,259
Less Investment Expense:			
Investment Activity Expense	(494)	(87)	(581)
Net Investment Income	6,133	4,546	10,679
Total Additions	4,075,820	26,133	4,101,953
DEDUCTIONS			
Earnings Distribution	5,821	2,960	8,781
Participant Withdrawals	3,932,704	21,597	3,954,301
Total Deductions	3,938,525	24,557	3,963,082
Change in Net Position Held in Trust for:			
External Investment Pool Participants	137,295	1,576	138,871
Total Net Position - Beginning of Year, As Restated	1,668,348	167,846	1,836,194
Total Net Position - End of Year	$ 1,805,643	$ 169,422	$ 1,975,065

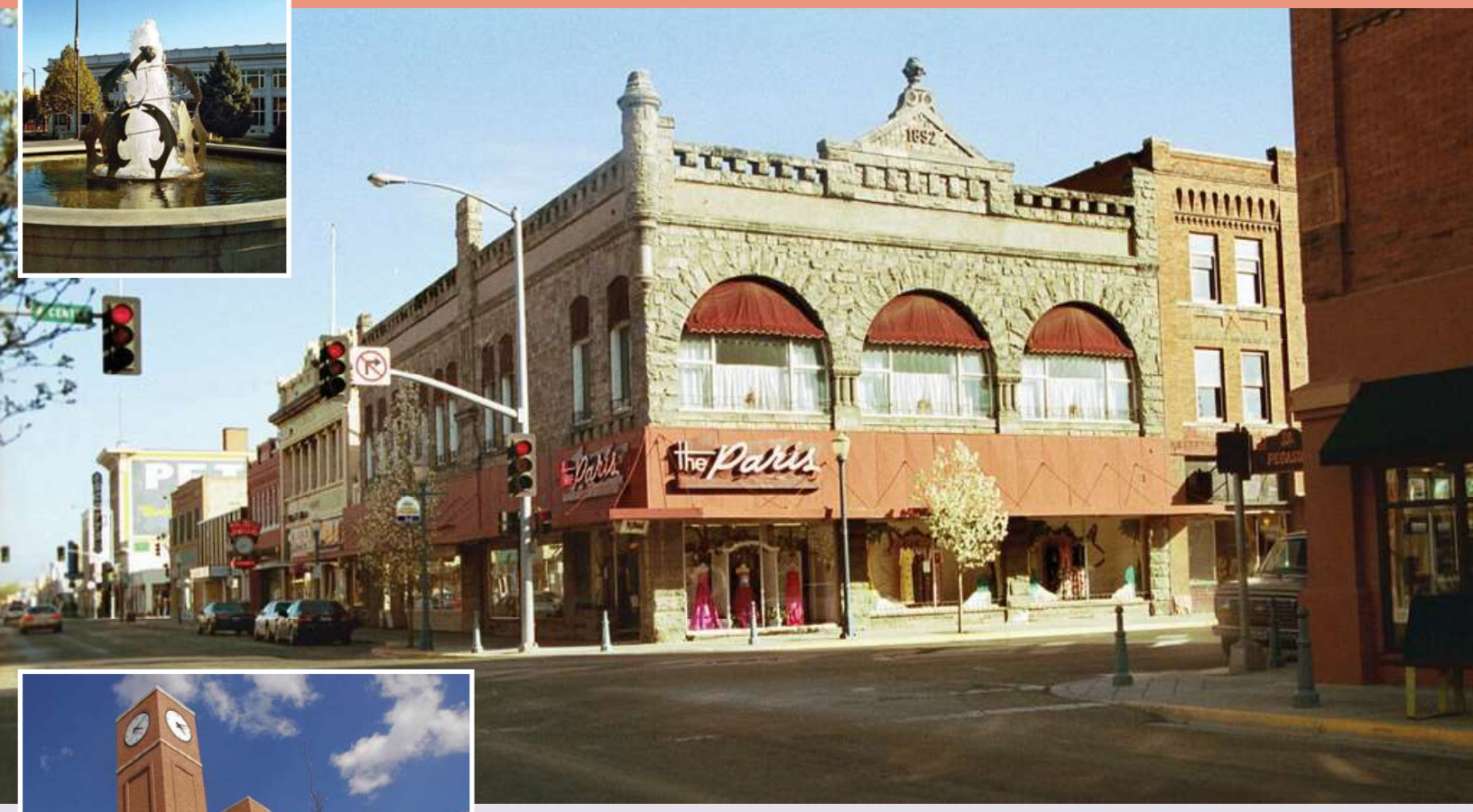
Combining Statement of Assets and Liabilities
Agency Fund
June 30, 2016
(dollars in thousands)

	Custodial
ASSETS	
Cash and Cash Equivalents	$ 24,190
Pooled Cash and Investments	28,794
Investments:	
Fixed Income Investments	376,632
Securities Lending Collateral	
Receivables:	
Unsettled Trades Receivable	
Interest and Dividends	89
Interfund Recievables	
Due from Other Entities	
Total Assets	$ 429,705
LIABILITIES	
Accounts Payable	$ 14
Due to Other Entities	133
Amounts Held in Trust to Others	428,857
Obligations Under Securities Lending	
Other Accrued Liabilities	701
Total Liabilities	$ 429,705

Combining Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	Balances June 30, 2015	Additions	Deductions	Balances June 30, 2016
CUSTODIAL				
Assets				
Cash and Cash Equivalents	$ 25,882	$ 24,190	$ 25,882	$ 24,190
Pooled Cash and Investments	37,730	94,293	103,229	28,794
Investments:				
Fixed Income Investments	306,192	376,632	306,192	376,632
Securities Lending Collateral	9,313		9,313	
Recievables:				
Unsettled Trades Receivable	479		479	
Interest and Dividends	55	115	81	89
Interfund Recievables		12	12	
Due from Other Entities		311	311	
Total Assets	$ 379,651	$ 495,230	$ 445,176	$ 429,705
Liabilities				
Accounts Payable		$ 14		$ 14
Due to Other Entities	$ 12	6,635	$ 6,514	133
Amounts Held for Others	352,884	464,152	388,179	428,857
Obligations Under Securities Lending	9,784		9,784	
Other Accrued Liabilities	16,971	25,858	42,128	701
Total Liabilities	$ 379,651	$ 496,645	$ 446,605	$ 429,705

Statistical Section



Pocatello

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Sources: Unless otherwise noted, the information in the following schedules is derived from the State's Comprehensive Annual Financial Report.

Note: The schedules presented in the Statistical Section are not audited, and component unit data is not included.

Schedule 1 - Net Position by Component

Fiscal Years 2007-2016

(accrual basis of accounting, dollars in thousands)

	2007 (as restated)	2008 (as restated)	2009 (as restated)	2010 (as restated)	2011 (as restated)	2012 (as restated)
Governmental Activities						
Net Investment in Capital Assets	$ 4,397,985	$ 4,442,210	$ 4,713,557	$ 4,883,824	$ 5,115,567	$ 5,218,008
Restricted[1]	1,761,410	1,949,355	1,572,581	1,783,407	2,086,004	2,134,426
Unrestricted[2]	953,924	1,050,556	760,614	576,666	444,322	529,948
Total Governmental Activities Net Position	**$ 7,113,319**	**$ 7,442,121**	**$ 7,046,752**	**$ 7,243,897**	**$ 7,645,893**	**$ 7,882,382**
Business-Type Activities						
Net Investment in Capital Assets	$ 513,071	$ 517,436	$ 559,719	$ 607,694	$ 656,020	$ 695,405
Restricted[3]	813,742	829,237	640,587	604,851	769,555	901,322
Unrestricted[4]	189,579	190,658	198,575	193,029	194,366	251,804
Total Business-Type Activities Net Position	**$ 1,516,392**	**$ 1,537,331**	**$ 1,398,881**	**$ 1,405,574**	**$ 1,619,941**	**$ 1,848,531**
Primary Government						
Net Investment in Capital Assets	$ 4,911,056	$ 4,959,646	$ 5,273,276	$ 5,491,518	$ 5,771,587	$ 5,913,413
Restricted	2,575,152	2,778,592	2,213,168	2,388,258	2,855,559	3,035,748
Unrestricted	1,143,503	1,241,214	959,189	769,695	638,688	781,752
Total Primary Government Net Position	**$ 8,629,711**	**$ 8,979,452**	**$ 8,445,633**	**$ 8,649,471**	**$ 9,265,834**	**$ 9,730,913**

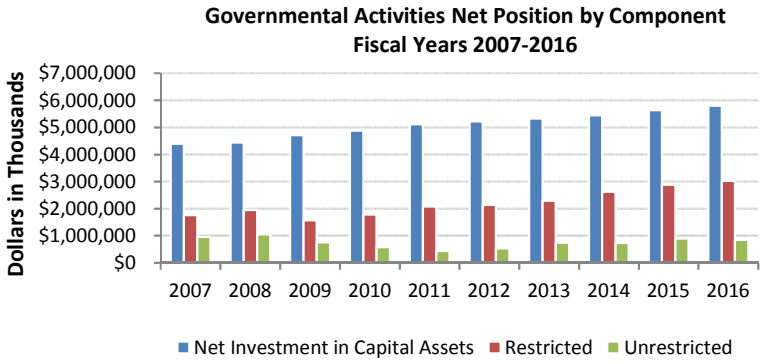
[1]In fiscal year (FY) 2008 net position increased mainly due to increased operating grants for health care assistance, education, and infrastructure. In FY2009 net position decreased primarily because of the national recession and the decrease in fair market value of investments, primarily related to the Land Endowment fund. In FY2010 and FY2011 net position increased primarily due to the increase in federal grant revenue from the American Recovery and Reinvestment Act. In FY2012 net position increased due to lower Medicaid and rehabilitation service costs. In FY2013-2016 net position increased primarily due to the increase in fair market value of investments, primarily related to the Land Endowment fund.

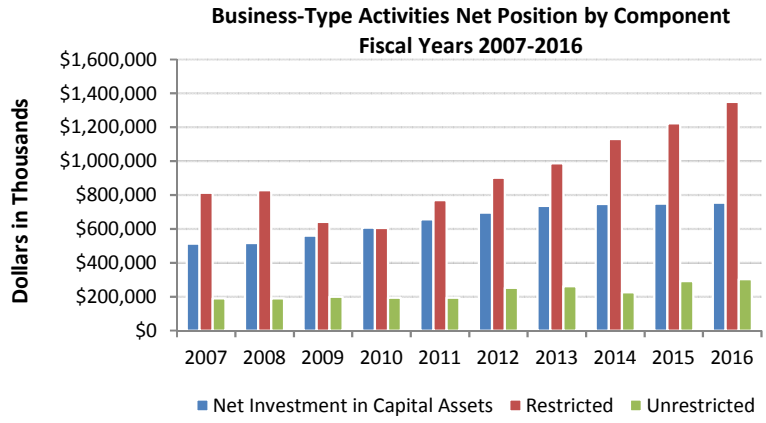
[2]Large fluctuations in governmental activities unrestricted net position balances occurred primarily as income tax and sales tax revenues increased and decreased due to significant changes in economic conditions.

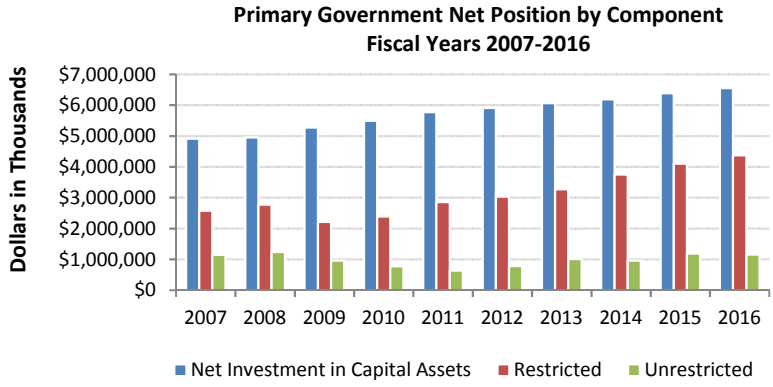
[3]Increases and decreases of business-type activities restricted net position were primarily due to increases in unemployment compensation assessment collections and/or decreases in unemployment claims related to changes in economic conditions.

[4]FY2012 and FY2015 net position increased primarily due to increased student tuition and fees for the colleges and universities.

2013 (as restated)	2014 (as restated)	2015 (as restated)	2016
$ 5,325,732	$ 5,447,960	$ 5,638,703	$ 5,802,364
2,291,548	2,619,433	2,885,392	3,022,924
748,869	737,576	893,542	850,766
$ 8,366,149	**$ 8,804,969**	**$ 9,417,637**	**$ 9,676,054**
$ 736,734	$ 746,473	$ 749,873	$ 755,531
986,730	1,130,154	1,222,537	1,350,136
261,432	226,545	291,420	303,825
$ 1,984,896	**$ 2,103,172**	**$ 2,263,830**	**$ 2,409,492**
$ 6,062,466	$ 6,194,433	$ 6,388,576	$ 6,557,895
3,278,278	3,749,587	4,107,929	4,373,060
1,010,301	964,121	1,184,962	1,154,591
$ 10,351,045	**$ 10,908,141**	**$ 11,681,467**	**$ 12,085,546**







Schedule 2 - Changes in Net Position

Fiscal Years 2007-2016

(accrual basis of accounting, dollars in thousands)

	2007 (as restated)	2008 (as restated)	2009 (as restated)	2010 (as restated)	2011 (as restated)	2012 (as restated)
Governmental Activities:						
Expenses						
General Government[1,2]	$ 403,506	$ 463,125	$ 450,875	$ 548,757	$ 426,506	$ 413,832
Public Safety and Correction[1]	285,669	324,843	326,125	320,423	296,034	335,493
Health and Human Services[3]	1,750,187	1,818,932	2,115,148	2,092,319	2,577,700	2,396,437
Education[1]	1,704,447	1,796,160	1,850,258	1,830,608	1,777,026	1,712,567
Economic Development[9]	673,234	756,677	743,811	799,054	829,130	820,530
Natural Resources	217,222	243,925	241,108	241,508	241,203	264,080
Interest Expense	32,232	45,530	46,767	45,782	50,773	50,372
Total Expenses	5,066,497	5,449,192	5,774,092	5,878,451	6,198,372	5,993,311
Program Revenues						
Charges for Services:						
General Government[10]	77,750	119,443	93,376	79,833	109,387	97,411
Economic Development	239,728	258,576	256,184	239,107	248,199	266,320
Natural Resources	145,349	150,752	133,138	127,037	133,317	159,633
Other Activities[4]	135,765	128,367	138,276	76,575	163,505	118,255
Operating Grants and Contributions[5]	2,045,958	1,955,236	2,034,795	2,935,393	3,160,919	2,664,743
Capital Grants and Contributions	1,481	906	8,892	4,660	6,058	2,568
Total Program Revenues	2,646,031	2,613,280	2,664,661	3,462,605	3,821,385	3,308,930
Total Governmental Activities Net Program Expense	(2,420,466)	(2,835,912)	(3,109,431)	(2,415,846)	(2,376,987)	(2,684,381)
General Revenues and Other Changes in Net Position						
Taxes:						
Sales Tax[6]	1,296,040	1,334,032	1,177,106	1,127,013	1,165,095	1,213,623
Individual and Corporate Taxes[6]	1,605,218	1,599,881	1,320,968	1,242,032	1,296,558	1,390,226
Fuel Tax	232,025	228,786	214,113	221,142	231,732	216,249
Other Taxes	185,748	185,874	186,489	186,130	227,075	240,757
Tobacco Settlement	27,328	28,631	31,094	26,120	24,576	21,103
Grants Not Restricted to Specific Programs						
Unrestricted Investment Earnings	35,430	51,537	36,139	16,800	18,516	17,365
Transfers	(213,699)	(264,027)	(251,847)	(206,246)	(184,569)	(178,453)
Total General Revenues and Other Changes in Net Position	3,168,090	3,164,714	2,714,062	2,612,991	2,778,983	2,920,870
Total Governmental Activities Change in Net Position	**$ 747,624**	**$ 328,802**	**$ (395,369)**	**$ 197,145**	**$ 401,996**	**$ 236,489**
Business-Type Activities:						
Expenses						
College and University	$ 815,373	$ 875,586	$ 896,993	$ 898,012	$ 923,760	$ 969,419
Unemployment Compensation[6]	109,338	171,918	338,600	666,808	482,087	358,283
Loan	954	2,267	5,910	9,624	14,571	7,112
State Lottery	99,307	102,065	105,780	110,204	112,003	134,055
State Liquor	105,126	112,476	117,185	118,022	117,039	123,656
Correctional Industries	6,852	7,574	8,323	6,553	6,727	8,030
Total Expenses	1,136,950	1,271,886	1,472,791	1,809,223	1,656,187	1,600,555
Revenues						
Charges for Services:						
College and University	341,823	337,699	339,989	368,504	405,450	436,208
Unemployment Compensation[7]	191,758	126,575	130,879	255,278	337,479	351,781
State Lottery[11]	130,811	137,664	140,316	147,931	147,849	176,547
Other Activities[11]	142,193	152,428	156,483	156,407	160,749	175,435
Operating Grants and Contributions[8]	227,620	244,954	293,673	637,456	606,597	485,777
Capital Grants and Contributions	54,455	29,478	21,154	44,094	27,861	24,944
Total Revenues	1,088,660	1,028,798	1,082,494	1,609,670	1,685,985	1,650,692
Total Business-Type Activities Net Program Revenue (Expense)	(48,290)	(243,088)	(390,297)	(199,553)	29,798	50,137
General Revenues and Other Changes in Net Position						
Special Item						
Transfers	213,699	264,027	251,847	206,246	184,569	178,453
Total General Revenues and Other Changes in Net Position	213,699	264,027	251,847	206,246	184,569	178,453
Total Business-Type Activities Change in Net Position	**$ 165,409**	**$ 20,939**	**$ (138,450)**	**$ 6,693**	**$ 214,367**	**$ 228,590**
Total Primary Government Change in Net Position	**$ 913,033**	**$ 349,741**	**$ (533,819)**	**$ 203,838**	**$ 616,363**	**$ 465,079**

[1]In fiscal year (FY) 2011 most expenses decreased due to effects of the national recession.

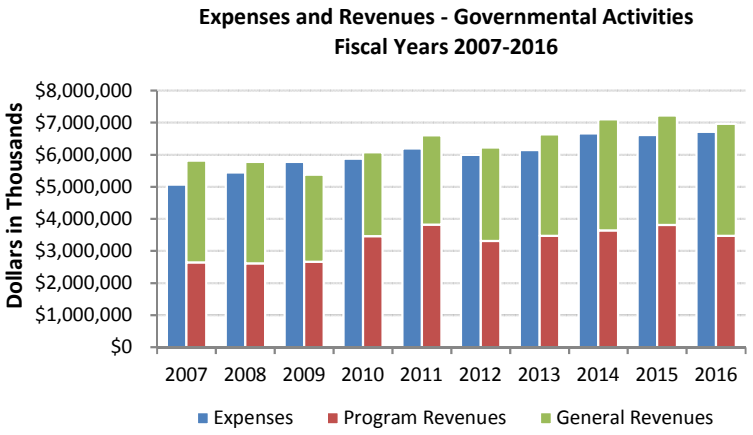
[2]In FY2013 expenses increased primarily due to an increase in lease payments to the Idaho State Building Authority. In FY2014 prior period adjustments were made due to the implementation of GASB Statements 68 &71 in FY2015.

[3]In FY2011-2016 expenses for health and human services fluctuated due to changes in medical assistance payments related to Medicaid and rehabilitation services payments.

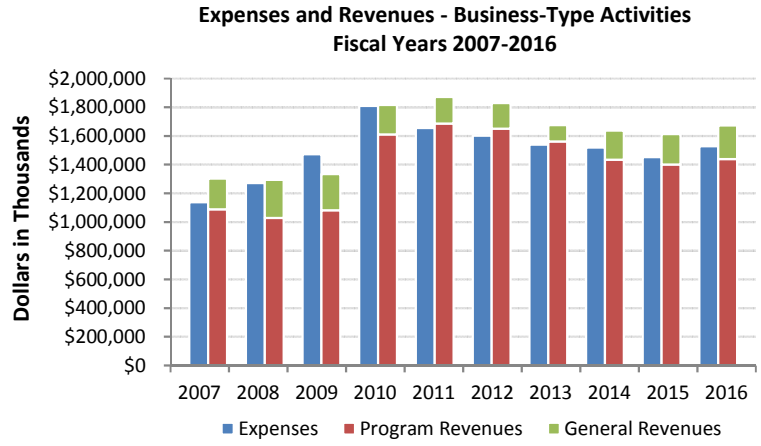
[4]In FY2010 and FY2011 fluctuations in other activities revenue were caused by a change in the way revenue is recorded. In FY2012 Department of Health & Welfare grant revenue decreased due to a reduction in American Recovery and Reinvestment Act funding.

[5]In FY2010-2012 amounts shifted primarily because of changes in the American Recovery and Reinvestment Act stimulus funding. In FY2013 revenues from operating grants and contributions increased primarily due to an increase in the fair market value of Endowment Fund Investment Board investments and interest income. In FY2016 operating grant revenue decreased primarily due to decreased federal highway funds, slippages in the fair market value of Endowment Fund Investment Board investments, and decreased health and human services grant revenue due to the timing of federal reimbursements for expenses.

2013 (as restated)	2014 (as restated)	2015	2016
$ 440,769	$ 848,508	$ 548,518	$ 487,106
352,409	364,998	387,694	398,539
2,545,283	2,595,727	2,751,283	2,697,376
1,707,233	1,756,231	1,845,144	1,955,642
806,801	810,023	761,384	847,761
244,032	236,614	269,706	278,100
49,961	51,600	46,860	45,271
6,146,488	6,663,701	6,610,589	6,709,795
104,973	90,314	227,915	82,079
252,221	271,894	287,525	323,249
151,126	175,271	256,344	191,327
127,082	161,452	181,054	186,813
2,828,808	2,941,720	2,851,144	2,676,844
10,492	5,317	2,832	11,021
3,474,702	3,645,968	3,806,814	3,471,333
(2,671,786)	(3,017,733)	(2,803,775)	(3,238,462)
1,315,002	1,400,547	1,444,781	1,580,542
1,533,850	1,739,957	1,686,455	1,518,740
237,647	262,479	243,826	357,858
220,507	213,434	220,442	229,430
24,912	27,450	24,183	25,297
19,142	14,374	10,452	18,735
(195,507)	(201,688)	(213,696)	(233,723)
3,155,553	3,456,553	3,416,443	3,496,879
$ 483,767	**$ 438,820**	**$ 612,668**	**$ 258,417**



$ 989,412	$ 1,054,726	$ 1,015,707	$ 1,063,222
251,016	142,524	110,597	108,187
6,480	7,565	9,604	7,537
150,599	163,295	165,445	185,115
134,117	141,467	143,469	153,901
7,560	8,755	8,155	8,960
1,539,184	1,518,332	1,452,977	1,526,922
445,649	459,380	489,740	491,169
314,630	258,072	203,794	189,219
198,169	209,642	210,940	236,819
180,645	185,082	196,043	212,624
383,575	305,150	282,646	291,830
38,364	17,594	16,776	17,200
1,561,032	1,434,920	1,399,939	1,438,861
21,848	(83,412)	(53,038)	(88,061)
(80,990)			
195,507	201,688	213,696	233,723
114,517	201,688	213,696	233,723
$ 136,365	**$ 118,276**	**$ 160,658**	**$ 145,662**
$ 620,132	**$ 557,096**	**$ 773,326**	**$ 404,079**



[6]Increases and decreases are due to the degradation and improvement of economic conditions and the changes in employment and personal income levels.
[7]In FY2010-2012 unemployment compensation revenues increased due to increased assessment collections for unemployment benefits. In FY2013-2014 unemployment compensation revenues decreased due to a lower employer contribution rate.
[8]In FY2010 operating grants and contributions grew because of increased federal grant revenue for unemployment benefits.
[9]In FY2016 economic development expenses rose primarily due to an increased number of state and local highway infrastructure improvements.
[10]In FY2015 the increase was due, in part, to a building transfer from the Idaho State Building Authority to the Idaho Department of Administration and due to the state receiving significant revenue from court settlements. In FY2016 the decrease in general government program revenues are due, in part, to falling revenue from charges for services.
[11]In FY2016 nonmajor enterprise funds net position improved primarily in consequence of increased lottery ticket and liquor sales.

Schedule 3 - Fund Balances - Governmental Funds

Fiscal Years 2007-2016

(modified accrual basis of accounting, dollars in thousands)

	2007 (as restated)	2008 (as restated)	2009 (as restated)	2010 (as restated)	2011 (as restated)	2012 (as restated)
General Fund						
Nonspendable					$ 7,922	$ 8,837
Restricted[1]	$ 62,996	$ 85,636	$ 98,801	$ 130,261	169,753	184,437
Committed[2]	355,735	369,896	213,835	154,168	162,583	185,098
Assigned[7]	34,870	40,949	35,221	45,936	55,778	57,271
Unassigned[3]	649,565	704,776	426,885	320,487	269,251	251,023
Total General Fund	1,103,166	1,201,257	774,742	650,852	665,287	686,666
All Other Governmental Funds						
Nonspendable[4]	1,140,718	1,128,417	923,217	1,043,787	1,097,816	1,135,746
Restricted[5]	490,028	511,179	451,637	462,036	709,985	735,879
Committed	59,079	77,621	83,527	86,434	78,794	85,124
Assigned	1,115	1,012	1,298	1,320	1,651	2,238
Unassigned[6]					(57,026)	
Total All Other Governmental Funds	1,690,940	1,718,229	1,459,679	1,593,577	1,831,220	1,958,987
Total Fund Balances - Governmental Funds	**$ 2,794,106**	**$ 2,919,486**	**$ 2,234,421**	**$ 2,244,429**	**$ 2,496,507**	**$ 2,645,653**

Note: GASB Statement No. 54 was implemented in fiscal year 2011. The standard required the reclassification of fund balances. Prior years have been restated.

[1]Increases and decreases in the General Fund restricted fund balance in each fiscal year occurred primarily due to changes in sales tax revenue caused by prevailing economic conditions.

[2]Fluctuations in the General Fund committed fund balance in each fiscal year resulted primarily from changes in personal and corporate income tax revenue. Significant variances occurred in response to prevailing economic conditions.

[3]Increases and decreases in the General Fund unassigned fund balance resulted from surging and weakening economic conditions.

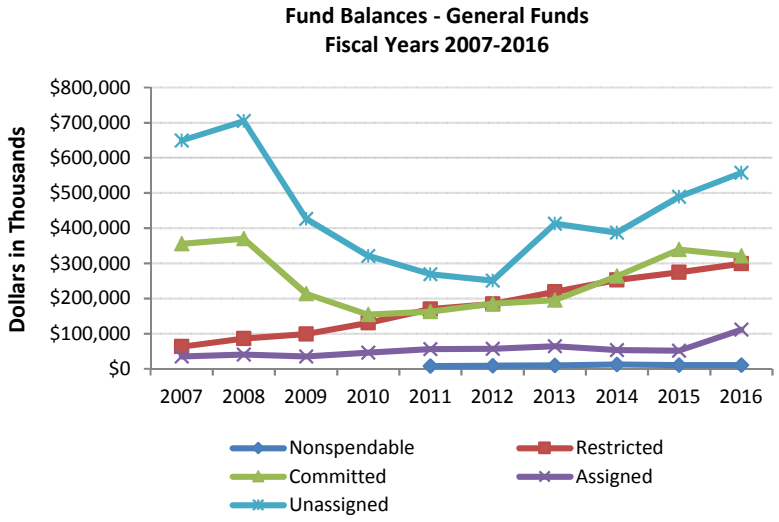
[4]Large changes in the Governmental Funds nonspendable fund balance occurred primarily because of significant variances in Land Endowment fund fair market value.

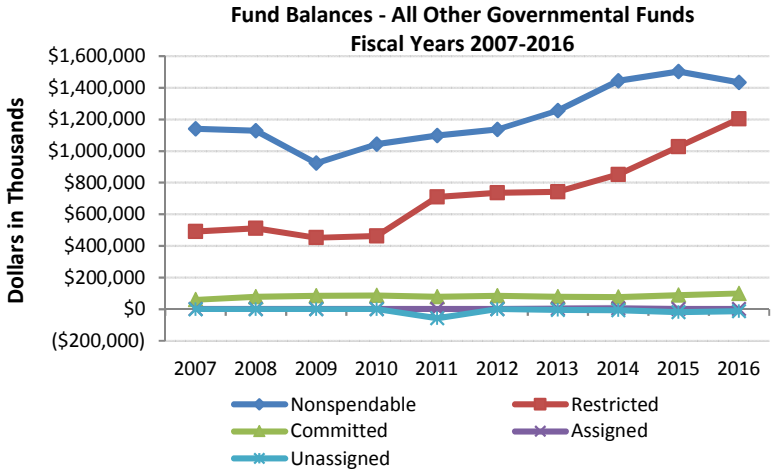
[5]In FY2011 the fund balance increased largely due to receiving American Recovery and Reinvestment Act funds for the Idaho Transportation Department. In FY2016 the fund balance increased primarily due to mandated increases to personal and commercial vehicle registration fees and in the motor fuels tax rate as a result of House Bill 312 passing in 2015.

[6]In FY2011 and FY2013-2016 the Department of Health and Welfare reported a negative unassigned fund balance due to increased expenditures for health and human services.

[7]In FY2016 the assigned fund balance increased primarily due to significant amount of funds that were allocated to the Fire Suppression - Deficiency fund.

2013 (as restated)	2014 (as restated)	2015 (as restated)	2016
$ 9,292	$ 12,012	$ 10,294	$ 10,580
219,270	252,627	274,121	298,798
195,479	263,443	339,169	320,700
63,806	53,086	51,357	111,168
412,738	387,161	489,495	557,280
900,585	968,329	1,164,436	1,298,526
1,255,497	1,443,868	1,503,337	1,435,060
742,849	851,410	1,027,465	1,202,937
77,505	76,970	87,298	99,202
2,689	5,271	2,201	1,949
(4,262)	(6,533)	(18,822)	(13,597)
2,074,278	2,370,986	2,601,479	2,725,551
$ 2,974,863	**$ 3,339,315**	**$ 3,765,915**	**$ 4,024,077**





Schedule 4 - Changes in Fund Balances - Governmental Funds

Fiscal Years 2007-2016

(modified accrual basis of accounting, dollars in thousands)

	2007 (as restated)	2008 (as restated)	2009 (as restated)	2010 (as restated)	2011 (as restated)	2012 (as restated)
Revenues						
Sales Tax[1]	$ 1,300,416	$ 1,333,018	$ 1,174,802	$ 1,122,384	$ 1,163,526	$ 1,214,491
Individual and Corporate Taxes[2]	1,598,702	1,587,694	1,325,996	1,228,463	1,288,869	1,389,291
Other Taxes[10]	417,763	414,671	398,639	409,924	459,162	456,720
Licenses, Permits, and Fees	273,223	279,156	277,354	275,018	296,827	310,828
Sale of Goods and Services	235,750	231,885	232,526	137,947	168,369	198,438
Grants and Contributions[3]	1,880,049	1,962,931	2,251,714	2,808,307	2,850,294	2,638,570
Investment Income[4]	225,717	63,406	(123,820)	191,596	302,488	51,264
Tobacco Settlement	23,712	28,504	30,965	25,990	24,445	24,922
Other Income	65,538	61,530	61,943	78,565	65,361	101,828
Total Revenues	6,020,870	5,962,795	5,630,119	6,278,194	6,619,341	6,386,352
Expenditures						
General Government[5]	151,358	177,312	186,119	208,784	172,779	157,283
Public Safety and Correction	269,874	300,106	305,141	284,457	284,208	302,809
Health and Human Services[6]	1,701,863	1,775,609	2,096,507	2,111,265	2,346,165	2,329,848
Education[5, 7]	1,683,254	1,777,690	1,843,401	1,810,276	1,768,616	1,687,084
Economic Development	368,439	390,424	406,694	416,776	418,866	392,242
Natural Resources	186,179	217,214	212,398	214,291	213,912	215,354
Capital Outlay[5, 8]	452,755	545,059	634,187	677,097	574,305	501,522
Intergovernmental Revenue Sharing	441,421	452,089	436,866	459,716	448,249	453,799
Debt Service:						
Principal	12,403	92,377	55,645	33,222	45,871	47,954
Interest	25,576	45,365	49,368	46,648	51,689	50,804
Total Expenditures	5,293,122	5,773,245	6,226,326	6,262,532	6,324,660	6,138,699
Revenues Over (Under) Expenditures	727,748	189,550	(596,207)	15,662	294,681	247,653
Other Financing Sources (Uses)						
Bonds and Notes Issued[11]	155,463	187,603	152,641	163,562	125,862	146,219
Issuance of Refunding Bonds						
Premium/(Discount) on Bonds Issued	6,533					7,219
Payment to Refunded Bond Escrow Agent[9]	(4,765)					(88,044)
Capital Lease Acquisitions		1,039	22	23,745	2,603	
Sale of Capital Assets	7,066	11,590	11,947	13,436	14,462	16,871
Transfers In	713,275	731,774	700,654	630,563	678,794	815,041
Transfers Out	(928,241)	(996,176)	(954,122)	(836,960)	(864,324)	(995,813)
Total Other Financing Sources (Uses)	(50,669)	(64,170)	(88,858)	(5,654)	(42,603)	(98,507)
Net Changes in Fund Balances	**$ 677,079**	**$ 125,380**	**$ (685,065)**	**$ 10,008**	**$ 252,078**	**$ 149,146**
Debt Service as a Percentage of Noncapital Expenditures	<1	2.5	1.8	1.3	1.7	1.7

[1]In fiscal years (FY) 2009-2016 sales tax revenue changed in response to fluctuating levels of employment and personal income.

[2]Individual and corporate income tax revenues increased and decreased due to the relative strengthening and weakening of the economy.

[3]In FY2009-2011 grants and contributions increased primarily due to American Recovery and Reinvestment Act funds for health, transportation, and education.

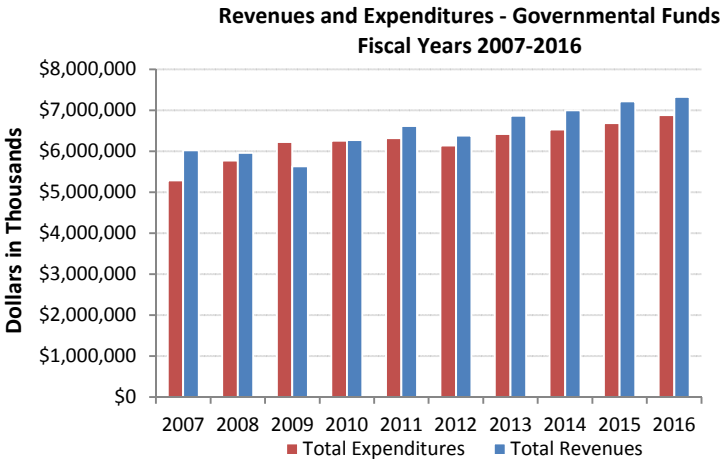
[4]Investment income increased and decreased primarily due to changes in the fair values of investments in the Land Endowment fund.

[5]In FY2011 and FY2012 decreases in expenditures were necessary to balance the State's budget.

[6]In FY2008-2013 health and human services expenditures increased and decreased due to changes in medical assistance payments related to Medicaid and rehabilitation services.

[7]In FY2008-2009 education expenditures increased because of an increased public school distribution for facilities improvements, salaries, and operating expenses. In FY2014 expenditures from federal grants increased.

2013 (as restated)	2014 (as restated)	2015 (as restated)	2016
$ 1,318,383	$ 1,379,105	$ 1,462,022	$ 1,579,729
1,531,975	1,497,935	1,684,680	1,696,834
458,291	470,226	469,780	587,439
317,854	325,172	354,894	390,258
237,268	260,489	288,388	272,024
2,695,371	2,658,143	2,706,506	2,681,411
217,357	324,835	78,412	34,552
24,912	27,450	24,183	25,297
69,185	61,016	151,062	63,130
6,870,596	7,004,371	7,219,927	7,330,674
168,253	197,639	195,667	203,783
324,717	338,865	359,132	369,982
2,544,890	2,561,572	2,573,782	2,622,307
1,685,252	1,733,263	1,821,633	1,938,123
420,668	418,525	414,307	425,407
210,376	223,017	237,478	248,671
497,087	468,817	485,276	441,430
471,269	488,585	505,017	547,772
49,679	52,334	48,362	38,946
49,100	48,926	48,458	47,409
6,421,291	6,531,543	6,689,112	6,883,830
449,305	472,828	530,815	446,844
61,347	65,457	53,935	12,270
10,945			
1,304			
(11,441)			
178	9	90	7
15,414	30,382	57,988	47,642
858,585	855,318	872,222	902,365
(1,056,427)	(1,059,542)	(1,088,450)	(1,150,966)
(120,095)	(108,376)	(104,215)	(188,682)
$ 329,210	**$ 364,452**	**$ 426,600**	**$ 258,162**
1.6	1.6	1.5	1.3



[8]In FY2008-2010 capital outlay expenditures increased mainly due to transportation infrastructure and state building expenses.

[9]In FY2012 and FY2013 the Idaho State Building Authority defeased bond debt to achieve better interest rates.

[10]In FY2016 other taxes increased mainly due to an increase in the motor fuels tax rate as a result of the passage of House Bill 312 in 2015. The additional funds are to be used exclusively for the maintenance of bridges and roads and replacement projects at the state and local levels..

[11]In FY2016 the decrease in bonds and notes issued is primarily due to a large decrease in issued GARVEE bonds revenue.

Schedule 5 - Revenue Base

Fiscal/Calendar Years 2007-2016 *(dollars in thousands)*

Taxable Sales by Industry[1]	Fiscal Year					
	2007	**2008**	**2009**	**2010**	**2011**	**2012**
Commercial Farms[2]	$ 11,416	$ 11,680	$ 10,055	$ 9,005	$ 10,847	$ 14,204
Agricultural/Forestry, Fishing, and Other	124,479	127,115	111,834	101,936	94,138	100,206
Mining	72,407	74,440	54,148	43,224	43,947	47,130
Construction	572,823	583,884	486,661	427,769	409,010	489,893
Manufacturing	1,403,805	1,050,425	813,738	755,948	996,988	819,403
Transportation and Public Utilities	347,677	390,536	361,449	361,995	700,557	546,466
Wholesale Trade	1,766,289	1,870,820	1,679,196	1,632,262	1,641,485	1,765,478
Retail Trade	15,364,551	14,963,180	13,418,803	13,360,965	12,752,289	13,221,360
Information[3]						
Finance, Insurance, and Real Estate	149,466	155,363	143,608	136,907	133,522	136,687
Services	2,330,698	2,409,065	2,161,247	2,213,003	2,099,385	2,101,112
State and Local Government	782,729	817,606	703,459	680,446	657,345	646,121
Unclassified						
Unpermitted[4]						
Total Taxable Sales	**$ 22,926,340**	**$ 22,454,114**	**$ 19,944,198**	**$ 19,723,460**	**$ 19,539,513**	**$ 19,888,060**
Direct Sales Tax Rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

Personal Income by Industry[5]	Calendar Year					
	2007	**2008**	**2009**	**2010**	**2011**	**2012**
Farm Earnings	$ 1,591,064	$ 1,768,795	$ 1,125,822	$ 1,528,413	$ 2,145,772	$ 2,146,805
Agricultural/Forestry, Fishing, and Other	376,541	368,535	368,289	421,777	425,849	438,403
Mining	239,201	319,740	185,676	231,474	273,151	298,989
Construction/Utilities	3,774,380	3,236,864	2,638,763	2,571,594	2,421,782	2,519,003
Manufacturing	4,004,593	3,869,544	3,367,249	3,448,766	3,547,496	3,761,274
Transportation	1,106,927	1,081,747	1,045,070	1,061,431	1,137,743	1,218,031
Wholesale Trade	1,706,799	1,690,502	1,602,712	1,633,474	1,706,000	1,806,936
Retail Trade	3,120,288	2,813,672	2,717,251	2,742,300	2,790,105	2,963,039
Finance, Insurance, and Real Estate	1,896,144	1,607,340	2,263,727	2,336,854	2,206,547	2,148,266
Services	11,646,424	11,995,784	11,894,427	12,067,324	12,426,978	12,556,692
Federal, Civilian	1,010,629	1,031,211	1,073,648	1,115,347	1,113,990	1,131,574
Military	473,785	504,056	535,821	531,786	501,530	498,682
State and Local Government	4,725,189	4,943,146	5,035,938	5,091,080	5,029,594	5,154,665
Other[6]	13,924,105	15,177,908	14,942,499	15,557,892	17,400,374	18,956,849
Total Personal Income	**$ 49,596,069**	**$ 50,408,844**	**$ 48,796,892**	**$ 50,339,512**	**$ 53,126,911**	**$ 55,599,208**
Total Direct Personal Income Tax Rate	7.7%	7.6%	7.6%	7.6%	7.6%	7.3%

Corporate Income by Category[7]	Calendar Year					
	2007	**2008**	**2009**	**2010**	**2011**	**2012**
Corporations	$ 146,513	$ (759,563)	$ (1,025,574)	$ (28,603)	$ 49,806	$ 502,747
Sub-S Corporations	72,520	(35,677)	41,005	43,487	24,196	106,971
Partnerships	(82,978)	(125,039)	(126,283)	(115,646)	(287,303)	(352,035)
Fiduciary	70,944	22,495	(5,038)	6,843	(28,687)	61,134
Total Corporate Income	**$ 206,999**	**$ (897,784)**	**$ (1,115,890)**	**$ (93,919)**	**$ (241,988)**	**$ 318,817**
Direct Corporate Income Tax Rate	7.6%	7.6%	7.6%	7.6%	7.6%	7.4%

Vehicle Fuel Sales by Category *(in thousands of gallons)*	Fiscal Year					
	2007	**2008**	**2009**	**2010**	**2011**	**2012**
Diesel	$ 284,008	$ 282,617	$ 237,206	$ 236,002	$ 239,708	$ 242,617
Gasoline	647,363	636,125	584,872	632,004	633,337	629,252
Propane	62	53	107	32	79	23
Natural Gas[8]						33
Aviation	2,598	2,461	1,864	1,814	1,797	1,811
Jet	33,591	36,217	29,697	23,347	23,225	25,903
Total Fuel Sales	**$ 967,622**	**$ 957,473**	**$ 853,746**	**$ 893,199**	**$ 898,146**	**$ 899,639**
Total Direct Fuel Tax Rate *(per gallon of fuel)*	$ 0.242	$ 0.242	$ 0.243	$ 0.245	$ 0.245	$ 0.244

Sources: Taxable sales, corporate income, and vehicle fuel sales--Idaho State Tax Commission; Personal income--U.S. Bureau of Economic Analysis and the Idaho State Tax Commission.

[1]In 2016, the Tax Commission changed from using U.S. Standard Industrial Classification System (SIC) codes to using North American Industry Classification System (NAICS) codes. The change provides industry groupings that are more meaningful and useful for economic analysis. Some industry categories shown have significant variances due to the change in classification codes.

[2]Under the NAICS, commercial farming is combined with agriculture/forestry, fishing, and other.

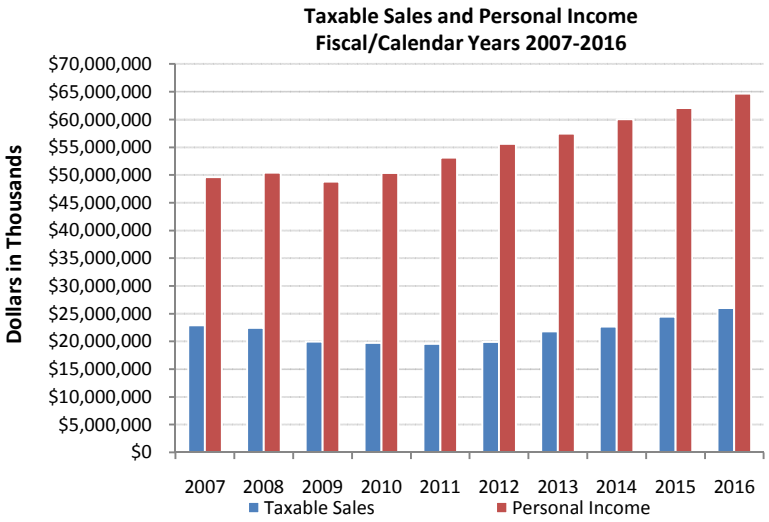
[3]The information sector includes the publishing industries, the motion picture and sound recording industries, the broadcasting industries, and data processing, hosting, and related services.

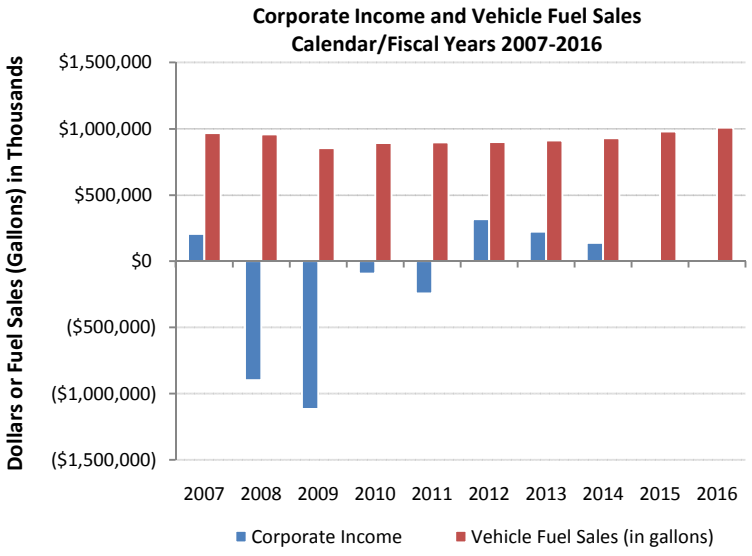
2013	2014	2015	2016
$ 11,733	$ 11,756	$ 16,197	
106,731	112,719	124,776	$ 82,925
52,671	55,851	53,947	59,177
434,218	422,849	490,734	464,888
807,950	844,024	924,586	1,101,280
705,692	543,205	555,498	166,992
2,033,097	2,281,830	2,573,395	2,995,810
14,568,624	15,057,644	16,080,503	14,000,015
			518,717
142,282	157,134	183,317	608,493
2,225,229	2,367,364	2,584,259	4,975,587
751,309	811,377	868,951	861,772
			148,683
			14,739
$ 21,839,536	**$ 22,665,753**	**$ 24,456,163**	**$ 25,999,078**
6.0%	6.0%	6.0%	6.0%

2013	2014	2015	2016
$ 2,460,510	$ 2,588,278	$ 1,978,691	$ 1,748,662
455,119	488,538	562,681	559,660
317,460	310,561	292,620	484,243
2,716,809	2,897,030	3,161,620	3,808,305
4,163,579	4,509,193	4,411,474	4,741,162
1,263,645	1,311,437	1,385,281	1,414,120
1,958,508	2,053,141	2,154,502	2,174,189
3,127,775	3,266,377	3,461,727	3,880,052
2,313,911	2,454,134	2,599,392	2,594,403
12,936,641	13,410,617	14,121,797	14,997,455
1,112,654	1,124,794	1,187,389	1,195,446
482,337	469,255	452,900	450,642
5,273,024	5,413,994	5,577,315	5,445,262
18,901,791	19,743,409	20,735,468	21,177,847
$ 57,483,763	**$ 60,040,758**	**$ 62,082,857**	**$ 64,671,448**
7.3%	7.3%	NA	NA

2013	2014	2015	2016
$ 316,558	$ 124,853	NA	NA
49,630	54,694	NA	NA
(127,839)	(29,224)	NA	NA
(14,541)	(10,847)	NA	NA
$ 223,808	**$ 139,476**	**NA**	**NA**
7.4%	7.4%	7.4%	7.4%

2013	2014	2015	2016
$ 250,299	$ 255,171	$ 267,381	$ 273,136
631,697	643,806	691,065	712,309
61	151	115	221
97	1,392	2,916	2,312
1,720	1,678	1,592	1,696
28,995	27,389	15,537	19,818
$ 912,869	**$ 929,587**	**$ 978,606**	**$ 1,009,491**
$ 0.244	$ 0.244	$ 0.247	$ 0.314





[4]Taxable sales by individuals and businesses without a sales and use tax permit.

[5]Personal income data for calendar years 2007-2016 are estimates. The U.S. Bureau of Economic Analysis revised personal income amounts for all calendar years shown to reflect revisions to the national income and product accounts and to incorporate newly available state-level source data.

[6]Other personal income includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

[7]Corporate income data is currently not available for calendar years 2015 and 2016.

[8]The natural gas distributors reported no vehicle fuel sales for fiscal years (FY) 2007-2011. FY14 & FY15 saw a shift towards using/producing cleaner fuel types.

Schedule 6 - Revenue Rates

Fiscal/Calendar Years 2007-2016

Personal Income Tax Rates[1]

Calendar Year

	2007	2008	2009	2010	2011	2012
Tax Rate	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Income Levels (S, MFS)[2]	$0-1,237	$0-1,271	$0-1,320	$0-1,315	$0-1,337	$0-1,379
Income Levels (MFJ, HoH, QW)[2]	$0-2,474	$0-2,544	$0-2,642	$0-2,632	$0-2,675	$0-2,759
Tax Rate	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Income Levels (S, MFS)	$1,238-2,474	$1,272-2,543	$1,321-2,641	$1,316-2,631	$1,338-2,675	$1,380-2,759
Income Levels (MFJ, HoH, QW)	$2,475-4,948	$2,545-5,088	$2,643-5,284	$2,633-5,264	$2,676-5,351	$2,760-5,519
Tax Rate	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Income Levels (S, MFS)	$2,475-3,710	$2,544-3,815	$2,642-3,962	$2,632-3,947	$2,676-4,013	$2,760-4,139
Income Levels (MFJ, HoH, QW)	$4,949-7,420	$5,089-7,632	$5,285-7,926	$5,265-7,896	$5,352-8,027	$5,520-8,279
Tax Rate	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Income Levels (S, MFS)	$3,711-4,947	$3,816-5,087	$3,963-5,283	$3,948-5,263	$4,014-5,351	$4,140-5,519
Income Levels (MFJ, HoH, QW)	$7,421-9,894	$7,633-10,176	$7,927-10,568	$7,897-10,528	$8,028-10,703	$8,280-11,039
Tax Rate	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Income Levels (S, MFS)	$4,948-6,184	$5,088-6,359	$5,284-6,603	$5,264-6,579	$5,352-6,689	$5,520-6,899
Income Levels (MFJ, HoH, QW)	$9,895-12,368	$10,177-12,720	$10,569-13,208	$10,529-13,160	$10,704-13,379	$11,040-13,799
Tax Rate	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Income Levels (S, MFS)	$6,185-9,276	$6,360-9,539	$6,604-9,906	$6,580-9,869	$6,690-10,034	$6,900-10,349
Income Levels (MFJ, HoH, QW)	$12,369-18,552	$12,721-19,080	$13,209-19,814	$13,161-19,740	$13,380-20,069	$13,800-20,699
Tax Rate	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Income Levels (S, MFS)	$9,277-24,736	$9,540-25,440	$9,907-26,417	$9,870-26,319	$10,035-26,759	$10,350+
Income Levels (MFJ, HoH, QW)	$18,553-49,472	$19,081-50,882	$19,815-52,836	$19,741-52,640	$20,070-53,519	$20,700+
Tax Rate[3]	7.8%	7.8%	7.8%	7.8%	7.8%	
Income Levels (S, MFS)	$24,737 +	$25,441 +	$26,418 +	$26,320+	$26,760+	
Income Levels (MFJ, HoH, QW)	$49,473 +	$50,883 +	$52,837 +	$52,641+	$53,520+	
Total Direct Rate[4]	7.7%	7.6%	7.6%	7.6%	7.6%	7.3%

Vehicle Fuel Tax Rates per Gallon

Fiscal Year

	2007	2008	2009	2010	2011	2012
Diesel	$0.250	$0.250	$0.250	$0.250	$0.250	$0.250
Gasoline	0.250	0.250	0.250	0.250	0.250	0.250
Propane	0.181	0.181	0.181	0.181	0.181	0.181
Natural Gas	0.197	0.197	0.197	0.197	0.197	0.197
Aviation	0.055	0.055	0.070	0.070	0.070	0.070
Jet	0.045	0.045	0.060	0.060	0.060	0.060
Total Direct Rate (*per gallon of fuel*)	$0.242	$0.242	$0.243	$0.245	$0.245	$0.244

Source: Idaho State Tax Commission.

Note: The Idaho State Legislature can raise the income and vehicle fuel tax rates by legislation, no vote of the populace is required per Idaho Constitution Art. VII Section 16, and Idaho Code Sections 63-3024 and 63-2402.

[1]Idaho's personal income tax brackets are adjusted each year for inflation.

[2]Income categories are as follows: S = Single, MFS = Married Filing Separately, MFJ = Married Filing Jointly, HoH = Head of Household, QW = Qualifying Widower.

[3]Fiscal year 2012 legislative action reduced the top personal income tax rate from 7.8% to 7.4%.

[4]Personal Income data is currently not available for calendar years 2015 and 2016.

2013	2014	2015	2016
1.6% $0-1,408 $0-2,817	1.6% $0-1,428 $0-2,857	1.6% $0-1,451 $0-2,903	1.6% $0-1,453 $0-2,907
3.6% $1,409-2,817 $2,818-5,635	3.6% $1,429-2,857 $2,858-5,715	3.6% $1,452-2,903 $2,904-5,807	3.6% $1,454-2,907 $2,908-5,815
4.1% $2,818-4,226 $5,636-8,453	4.1% $2,858-4,286 $5,716-8,573	4.1% $2,904-4,355 $5,808-8,711	4.1% $2,908-4,361 $5,816-8,723
5.1% $4,227-5,635 $8,454-11,271	5.1% $4,287-5,715 $8,574-11,431	5.1% $4,356-5,807 $8,712-11,615	5.1% $4,362-5,815 $8,724-11,631
6.1% $5,636-7,044 $11,272-14,089	6.1% $5,716-7,144 $11,432-14,289	6.1% $5,808-7,259 $11,616-14,519	6.1% $5,816-7,269 $11,632-14,539
7.1% $7,045-10,567 $14,090-21,135	7.1% $7,145-10,717 $14,290-21,435	7.1% $7,260-10,889 $14,520-21,779	7.1% $7,270-10,904 $14,540-21,809
7.4% $10,568+ $21,136+	7.4% $10,718+ $21,436+	7.4% $10,890+ $21,780+	7.4% $10,905+ $21,810+

7.3%	7.3%	NA	NA

2013	2014	2015	2016
$0.250	$0.250	$0.250	$0.320
0.250	0.250	0.250	0.320
0.181	0.181	0.181	0.232
0.197	0.197	0.197	0.349
0.070	0.070	0.070	0.070
0.060	0.060	0.060	0.060
$0.244	$0.244	$0.247	$0.314

Schedule 7 - Revenue Payers by Industry/Category

Historical Comparison and Most Current Fiscal/Calendar Year

(dollars in thousands)

Sales Tax

	As of June 30,2006				As of June 30,2015			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Farm Earnings	369	0.6	$ 488	0.1	9,371	11.9	$ 16,803	1.2
Agricultural	1,032	1.7	5,477	0.5	997	1.3	7,084	0.5
Mining	140	0.2	3,509	0.3	168	0.2	3,131	0.2
Construction	4,199	6.9	24,545	2.3	3,666	4.7	26,742	1.8
Manufacturing	4,087	6.8	50,319	4.8	5,559	7.0	54,103	3.7
Transportation & Utilities	1,291	2.1	12,771	1.2	1,194	1.5	30,915	2.1
Wholesale trade	2,562	4.2	76,335	7.3	4,178	5.3	156,867	10.6
Retail trade	26,326	43.4	728,029	69.4	20,814	26.3	949,577	64.4
Finance, Insurance, and Real Estate	720	1.2	7,647	0.7	825	1.0	10,818	0.7
Services	19,294	31.8	106,713	10.2	19,239	24.4	150,607	10.2
Government	647	1.1	34,096	3.2	4,143	5.2	51,322	3.5
Unclassified					8,845	11.2	15,980	1.1
Total	**60,667**	**100.0**	**$ 1,049,929**	**100.0**	**78,999**	**100.0**	**$ 1,473,949**	**100.0**

Personal Income Tax

	As of December 31, 2005				As of December 31, 2014			
Income Level	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Under $50,000	542,628	86.5	$ 384,274	31.9	624,735	83.0	$ 405,907	25.9
$50,000 - $99,999	61,200	9.7	287,429	23.8	85,553	11.3	397,028	25.3
$100,000 - $249,999	17,912	2.9	190,319	15.8	33,557	4.5	336,798	21.5
$250,000 - $999,999	4,993	0.8	163,469	13.6	7,560	1.1	227,851	14.6
$1,000,000 and higher	783	0.1	178,975	14.9	971	0.1	198,179	12.7
Total	**627,516**	**100.0**	**$ 1,204,466**	**100.0**	**752,376**	**100.0**	**$ 1,565,763**	**100.0**

Corporate Income Tax

	As of Tax Year 2005				As of Tax Year 2014			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Corporations	12,324	18.1	$ 103,856	84.0	14,095	15.8	$ 142,491	84.1
Sub-S Corporations	24,979	36.7	10,879	8.8	32,028	35.8	10,584	6.2
Partnerships	22,074	32.5	2,876	2.3	32,624	36.4	4,621	2.7
Fiduciary	8,601	12.7	6,001	4.9	10,784	12.0	11,854	7.0
Total	**67,978**	**100.0**	**$ 123,612**	**100.0**	**89,531**	**100.0**	**$ 169,550**	**100.0**

Vehicle Fuel Tax

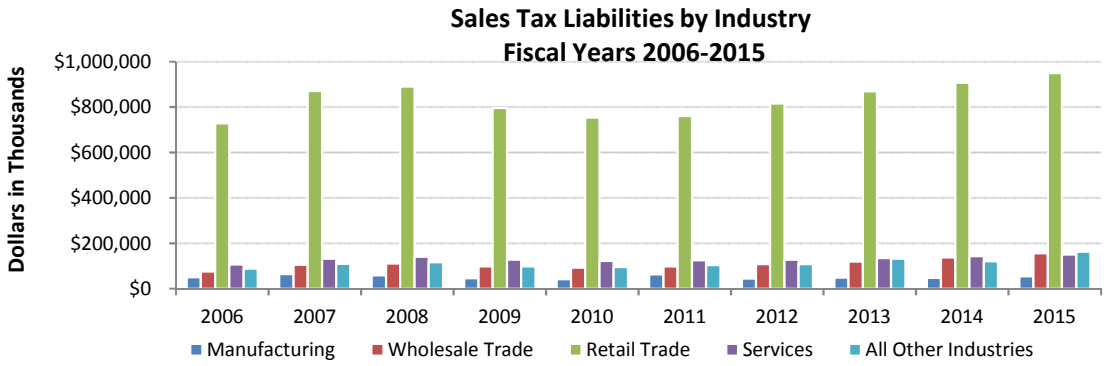
	As of June 30, 2007				As of June 30, 2016			
	Number of Filers[1]	Percent of Total	Tax Liability	Percent of Total	Number of Filers[1]	Percent of Total	Tax Liability	Percent of Total
Diesel	106	41.1	$ 71,000	30.3	105	43.9	$ 87,413	27.5
Gasoline	104	40.3	161,831	69.0	96	40.2	227,956	71.8
Propane	25	9.7	32	0.0	12	5.0	51	0.0
Natural Gas	1	0.4	6	0.0	3	1.3	763	0.2
Aviation	8	3.1	143	0.1	9	3.7	119	0.1
Jet	14	5.4	1,512	0.6	14	5.9	1,189	0.4
Total	**258**	**100.0**	**$ 234,524**	**100.0**	**239**	**100.0**	**$ 317,491**	**100.0**

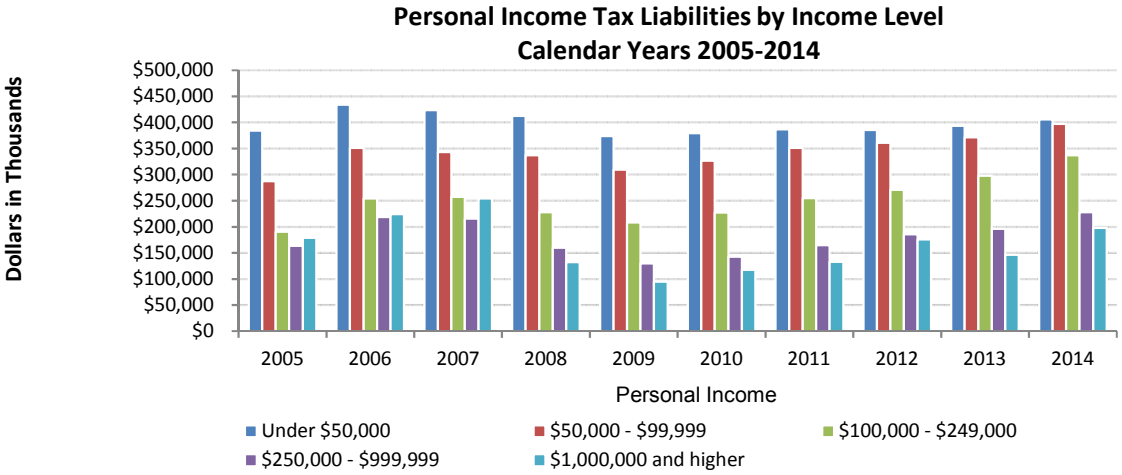
Source: Idaho State Tax Commission.

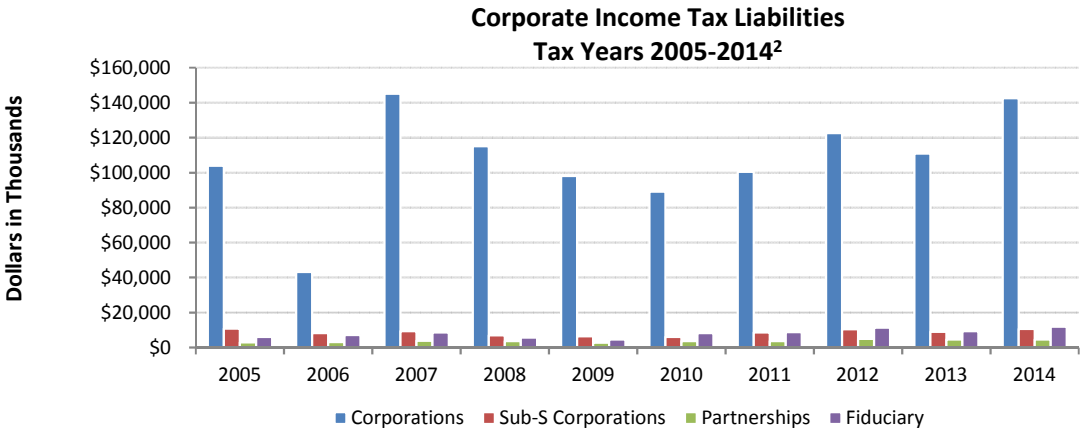
Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period for personal and corporate income tax information is calendar year 2014.

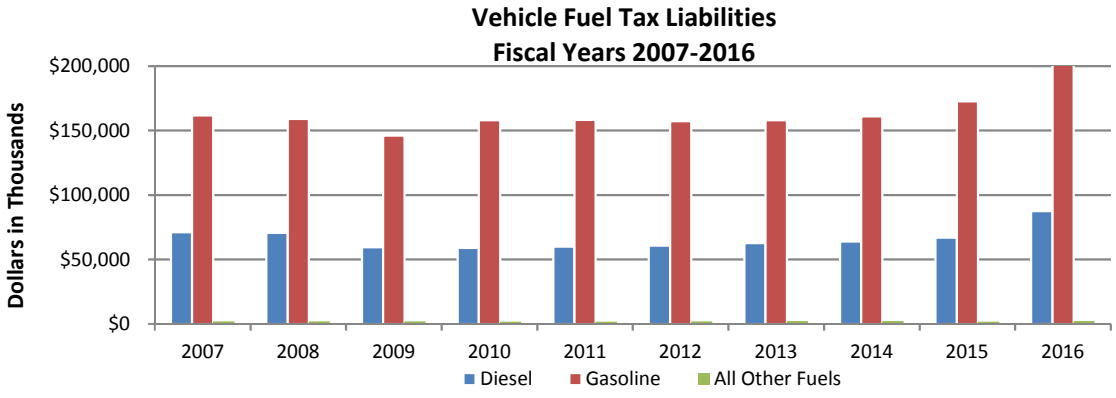
[1]The total number of filers for vehicle fuel tax may contain the same filers counted more than once as some filers distribute more than one type of fuel.

[2]The corporate tax liability amounts for tax years 2006 through 2010 are revised based on data provided by Idaho State Tax Commission.


Sales Tax Liabilities by Industry
Fiscal Years 2006-2015
Dollars in Thousands
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
Manufacturing
Wholesale Trade
Retail Trade
Services
All Other Industries


Personal Income Tax Liabilities by Income Level
Calendar Years 2005-2014
Dollars in Thousands
$500,000
$450,000
$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$0
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
Personal Income
Under $50,000
$50,000 - $99,999
$100,000 - $249,000
$250,000 - $999,999
$1,000,000 and higher


Corporate Income Tax Liabilities
Tax Years 2005-2014[2]
Dollars in Thousands
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
Corporations
Sub-S Corporations
Partnerships
Fiduciary


Vehicle Fuel Tax Liabilities
Fiscal Years 2007-2016
Dollars in Thousands
$200,000
$150,000
$100,000
$50,000
$0
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
Diesel
Gasoline
All Other Fuels

Schedule 8 - Outstanding Debt Ratios

Fiscal Years 2007-2016

(dollars in thousands, except per capita amount)

	2007 (as restated)	2008	2009 (as restated)	2010 (as restated)	2011 (as restated)	2012	2013 (as restated)	2014 (as restated)	2015	2016
Governmental Activities										
Revenue Bonds[1]	$ 324,657	$ 306,159	$ 281,322	$ 257,088	$ 233,246	$ 207,106	$ 197,624	$ 170,640	$ 150,379	$ 141,528
Capital Leases[2]	12,209	11,997	11,475	33,229	32,761	28,967	27,394	25,862	24,319	22,826
Notes Payable[3]	29,626	98,186	220,163	375,344	480,064	524,813	554,892	595,362	621,767	594,849
Total Governmental Activities	**$ 366,492**	**$ 416,342**	**$ 512,960**	**$ 665,661**	**$ 746,071**	**$ 760,886**	**$ 779,910**	**$ 791,864**	**$ 796,465**	**$ 759,203**
Business-Type Activities										
Revenue Bonds[4]	$ 402,181	$ 443,016	$ 449,410	$ 473,667	$ 457,631	$ 457,113	$ 464,334	$ 445,651	$ 477,546	$ 462,572
Capital Leases[5]	4,541	4,056	3,279	2,845	2,353	2,316	1,663	1,158	780	4,995
Notes Payable[6]	16,802	20,155	50,195	216,183	214,144	204,745	156,449	105,919	55,117	2,157
Total Business-Type Activities	**$ 423,524**	**$ 467,227**	**$ 502,884**	**$ 692,695**	**$ 674,128**	**$ 664,174**	**$ 622,446**	**$ 552,728**	**$ 533,443**	**$ 469,724**
Total Primary Government	**$ 790,016**	**$ 883,569**	**$ 1,015,844**	**$ 1,358,356**	**$ 1,420,199**	**$ 1,425,060**	**$ 1,402,356**	**$ 1,344,592**	**$ 1,329,908**	**$ 1,228,927**
Debt as a Percentage of Personal Income[7]	1.6%	1.8%	2.1%	2.7%	2.7%	2.6%	2.4%	2.2%	2.1%	1.9%
Amount of Debt Per Capita[7]	$525.9	$577.2	$655.2	$863.9	$897.0	$893.1	$869.0	$822.4	$801.6	$732.4

Note: The Idaho Constitution Article VIII Section 1 amended in 1998 specifies that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then approved by the people at a general election. This does not apply to liabilities incurred for ordinary operating expenses, nor debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law and which have no power to levy taxes or obligate the General Fund of the State are not debts or liabilities of the State of Idaho. Details regarding the State's debt can be found in Note 13 to the financial statements.

[1]In fiscal year (FY) 2007 the Idaho State Building Authority issued revenue bonds for state building projects.

[2]In FY2010 the increase in capital leases is mainly attributable to new leases for land and buildings at the Department of Correction and the Department of Fish and Game.

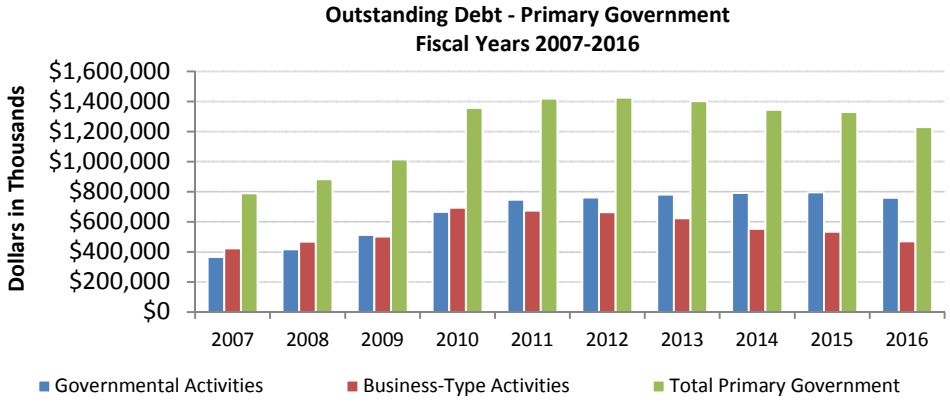
[3]From FY2007-FY2015 the Idaho Transportation Department issued notes payable to the Idaho Housing and Finance Association for road and infrastructure improvements.

[4]For FY2007-FY2010 the colleges and universities issued revenue bonds for various projects.

[5]In FY2016 the increase in capital leases is primarily due to Boise State University entering into two new capital lease agreements with the Boise State University Foundation.

[6]In FY2009 and FY2010 the increases in notes payable are mainly attributable to unemployment compensation loan funds received from the federal government. Changes in notes payable from FY2012-FY2016 resulted from repayment of loans from the Idaho Housing and Financing Association.

[7]These ratios are calculated using personal income and population for the current calendar year. See Schedule 11 for personal income and population data.



Schedule 9 - Other Long-Term Liabilities

Fiscal Years 2007-2016

(dollars in thousands)

	2007 (as restated)	2008 (as restated)	2009 (as restated)	2010 (as restated)	2011 (as restated)	2012 (as restated)	2013 (as restated)	2014 (as restated)	2015 (as restated)	2016
Governmental Activities										
Compensated Absences	$ 56,629	$ 56,599	$ 54,893	$ 51,996	$ 61,095	$ 62,775	$ 56,470	$ 49,466	$ 49,874	$ 54,058
Policy Claim Liabilities	17,867	20,164	19,753	16,956	13,869	15,450	17,963	14,305	11,304	10,804
Claims and Judgments[1, 2]	33,825	141,777	113,115	79,970	180,773	178,173	96,324	69,495	170,841	169,115
Net Pension Obligation[3, 7]	1,714	2,375	2,711	11,140	12,508	13,596	13,989	14,271		
Net Pension Liability[4]									176,577	307,450
Net OPEB Obligation[5]		20,018	20,373	22,169	23,851	24,720	24,520	24,491	25,458	25,917
Other Long-Term Liabilities								6,114	5,468	5,633
Total Governmental Activities	**$ 110,035**	**$ 240,933**	**$ 210,845**	**$ 182,231**	**$ 292,096**	**$ 294,714**	**$ 209,266**	**$ 178,142**	**$ 439,522**	**$ 572,977**
Business-Type Activities										
Compensated Absences	$ 18,381	$ 20,067	$ 20,814	$ 20,882	$ 21,041	$ 22,648	$ 22,239	$ 20,844	$ 21,640	$ 21,373
Claims and Judgments[2]		445	528	1						
Net Pension Liability[4]									31,898	56,602
Net OPEB Obligation[5]		7,858	9,233	11,267	13,707	15,513	17,143	18,847	20,982	22,973
Voluntary Termination Benefits[6]				894						
Other Long-Term Liabilities				124	416	633	968	1,309	1,139	928
Total Business-Type Activities	**$ 18,381**	**$ 28,370**	**$ 30,575**	**$ 33,168**	**$ 35,164**	**$ 38,794**	**$ 40,350**	**$ 41,000**	**$ 75,659**	**$ 101,876**
Total Primary Government	**$ 128,416**	**$ 269,303**	**$ 241,420**	**$ 215,399**	**$ 327,260**	**$ 333,508**	**$ 249,616**	**$ 219,142**	**$ 515,181**	**$ 674,853**

Note: Details regarding the liabilities listed above can be found in Note 13 to the financial statements.

[1]In fiscal year (FY) 2008 the Department of Health and Welfare changed its method of reporting Medicaid claims to include an estimate for incurred but not reported claims from providers. The changes between FY2008 and FY2011 are due to fluctuations in payment cycles caused by budget shortfalls and migrating to a new payment system.

[2]Claims and judgments include arbitrage liabilities for FY2007-FY2015. Decrease to claims and judgements resulted from a decrease in Medicaid claims. In FY2015 there was an increase due to a change in calulation method by the Department of Health and Welfare.

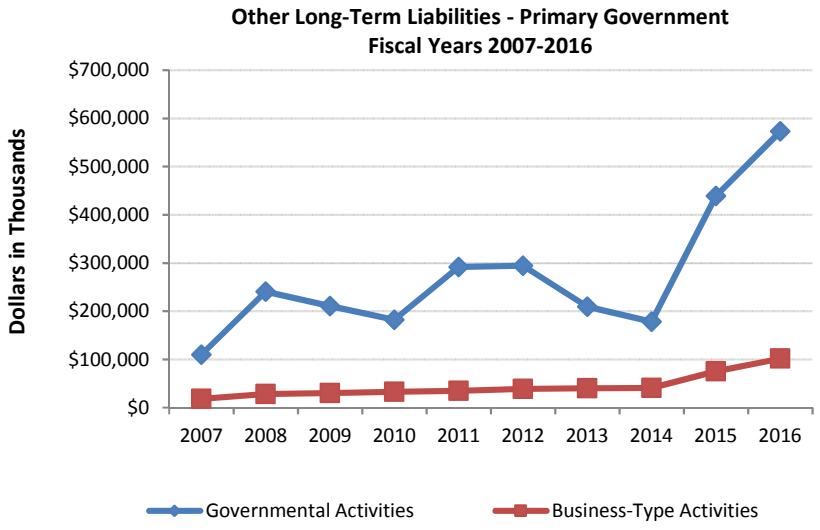
[3]In FY2010 the increase in the net pension obligation is mainly attributable to a restatement of the Idaho Judges' Retirement Fund due to a new actuarial valuation.

[4]Net pension liability was not required to be reported prior to FY2015.

[5]Net OPEB obligation was not required to be reported prior to FY2008.

[6]In FY2010 the University of Idaho established a voluntary Exit Incentive Program for eligible employees to leave University employment with an economic incentive.

[7]Due to the implementation of GASB Statement No. 68 in FY2015, the net pension obligation was removed and a net pension liability recorded.



Schedule 10 - Pledged Revenue Coverage

Fiscal Years 2007-2016

(dollars in thousands)

	2007	2008	2009	2010	2011	2012
Governmental Activities						
Notes Payable - Idaho Transportation Department [1]						
Revenue:						
Federal Highway Grants[2]	$ 282,848	$ 300,680	$ 234,667	$ 355,288	$ 399,049	$ 334,747
State Funds	2,059	3,349	2,439	3,255	3,509	3,829
Available Revenue	$ 284,907	$ 304,029	$ 237,106	$ 358,543	$ 402,558	$ 338,576
Debt Service:						
Principal	$ 2,426	$ 20,240	$ 30,589	$ 8,176	$ 20,936	$ 19,957
Interest	$ 6,766	$ 8,245	$ 11,787	$ 19,074	$ 25,862	$ 26,836
Coverage	31.0	10.7	5.6	13.2	8.6	7.2
Business-Type Activities						
Revenue Bonds - Colleges and Universities						
Revenue:						
Student Fees Pledged	$ 144,471	$ 179,630	$ 197,711	$ 212,768	$ 236,690	$ 257,850
Sale of Goods and Services Pledged	71,770	85,348	84,327	91,258	84,978	90,136
Other Income Pledged[3]	9,867	31,174	25,337	22,641	36,803	35,990
Less: Operating Expenses	(52,020)	(58,259)	(59,487)	(61,226)	(61,342)	(65,802)
Net Available Revenue	$ 174,088	$ 237,893	$ 247,888	$ 265,441	$ 297,129	$ 318,174
Debt Service:						
Principal	$ 11,890	$ 15,610	$ 9,755	$ 13,190	$ 15,085	$ 14,090
Interest	$ 13,728	$ 20,793	$ 19,473	$ 20,339	$ 20,243	$ 21,524
Coverage	6.8	6.5	8.5	7.9	8.4	8.9
Revenue Bonds - Idaho Water Resources Board						
Revenue:						
Sale of Goods and Services	$ 908	$ 816	$ 886	$ 983	$ 990	$ 1,059
Less: Operating Expenses	(162)	(117)	(149)	(117)	(124)	(136)
Net Available Revenue	$ 746	$ 699	$ 737	$ 866	$ 866	$ 923
Debt Service:						
Principal[6]	$ 290	$ 305	$ 325	$ 340	$ 360	$ 380
Interest	$ 310	$ 294	$ 277	$ 259	$ 240	$ 220
Coverage	1.2	1.2	1.2	1.4	1.4	1.5
Notes Payable - Colleges and Universities [4]						
Revenue:						
Student Fees Pledged	$ 148	$ 148	$ 146	$ 142	$ 169	$ 1,001
Housing Fees Pledged	NA	NA	417	445	430	429
Other Income Pledged					76	110
Less: Operating Expenses	NA	NA	(297)	(154)	(107)	(410)
Net Available Revenue	$ 148	$ 148	$ 266	$ 433	$ 568	$ 1,130
Debt Service:						
Principal[5]	$ 102	$ 106	$ 127	$ 114	$ 366	$ 334
Interest	$ 37	$ 33	$ 63	$ 25	$ 176	$ 138
Coverage	1.1	1.1	1.4	3.1	1.0	2.4

Note: Details regarding the State's outstanding bonds can be found in Note 13 to the financial statements. Operating expenses do not include interest or depreciation expense. Coverage equals net available revenue divided by debt service.

[1]For fiscal years (FY) 2007-2015 the Idaho Transportation Department issued notes payable to the Idaho Housing and Finance Association to finance road and infrastructure improvements.

[2]In FY2009 federal highway grants received by the Idaho Transportation Department decreased mainly due to the delay in awarding construction contracts, the delay of related federal awards reimbursements, and decreased construction costs. In FY2010 grants increased because of the delayed reimbursement of FY2009 federal construction awards. In FY2012 and FY2013 grants decreased due to the near-term completion of the American Recovery and Reinvestment Act stimulus program.

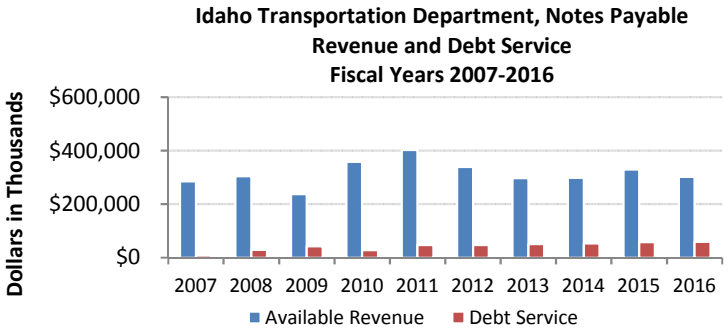
[3]In FY2008 other pledged income increased mainly due to revenues pledged as collateral for all outstanding bond issuances by the University of Idaho. In FY2015 other pledged income increased due to an inrease in student tuition and fees by the University of Idaho

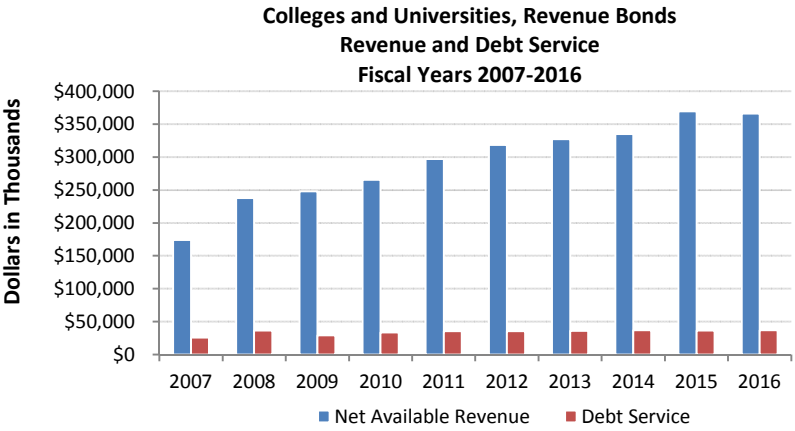
[4]In FY2009 Lewis-Clark (LCSC) issued notes payable to purchase a residence hall; housing fees associated with the residence hall account for the increase in available revenue. In FY2012 and FY2013 LCSC issued notes payable to refinance Student Fee Refunding Revenue Bonds.

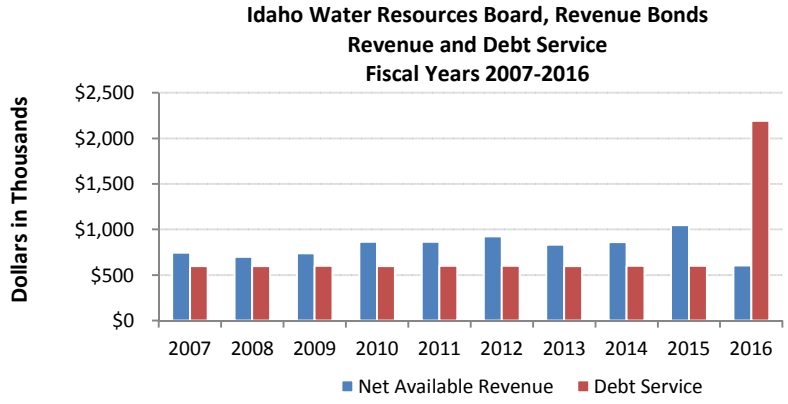
[5]In FY2013-2014 the increase resulted from LCSC's principal only payments.

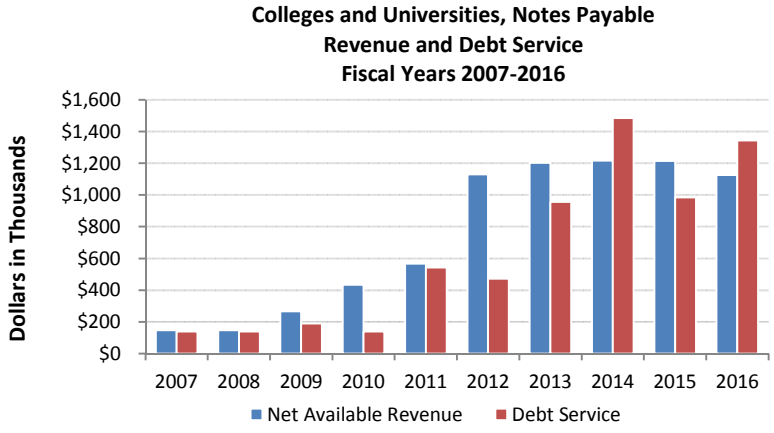
[6]The Series 2006 Refunding Bonds were paid in full in FY2016.

2013	2014	2015	2016
$ 292,619	$ 294,620	$ 324,598	$ 297,093
4,033	4,329	4,598	4,540
$ 296,652	$ 298,949	$ 329,196	$ 301,632
$ 21,975	$ 24,203	$ 27,180	$ 29,186
$ 28,188	$ 28,417	$ 30,740	$ 29,207
5.9	5.7	5.7	5.2
$ 268,014	$ 276,964	$ 295,818	$ 301,659
93,356	89,031	94,327	88,135
35,828	38,158	45,505	45,051
(69,901)	(69,339)	(66,212)	(68,803)
$ 327,297	$ 334,814	$ 369,438	$ 366,043
$ 16,585	$ 16,714	$ 17,704	$ 20,682
$ 19,440	$ 20,018	$ 18,836	$ 16,450
9.1	9.1	10.1	9.9
$ 993	$ 983	$ 1,261	$ 897
(161)	(123)	(214)	(292)
$ 832	$ 860	$ 1,047	$ 605
$ 400	$ 425	$ 450	$ 2,065
$ 198	$ 175	$ 151	$ 125
1.4	1.4	1.7	0.3
$ 1,062	$ 1,108	$ 1,085	$ 1,031
441	469	468	489
101	81	88	87
(402)	(442)	(428)	(480)
$ 1,202	$ 1,216	$ 1,213	$ 1,126
$ 786	$ 1,366	$ 900	$ 1,284
$ 171	$ 118	$ 84	$ 60
1.3	0.8	1.2	0.8









Schedule 11 - Demographic and Economic Indicators

Calendar Years 2007-2016

	2007	2008	2009	2010	2011	2012
Population						
Idaho *(in thousands)*	1,502	1,531	1,551	1,572	1,583	1,596
Change	2.4%	1.9%	1.3%	1.4%	0.7%	0.8%
National *(in thousands)*	302,227	304,948	307,580	310,109	312,463	314,780
Change	1.0%	0.9%	0.9%	0.8%	0.8%	0.7%
Total Personal Income[1]						
Idaho *(in billions)*	$ 50	$ 50	$ 49	$ 50	$ 53	$ 56
Change	6.5%	3.4%	-3.6%	2.0%	5.8%	5.0%
National *(in billions)*	$ 12,000	$ 12,502	$ 12,095	$ 12,477	$ 13,255	$ 13,915
Change	5.3%	4.2%	-3.3%	3.2%	6.2%	5.0%
Per Capita Personal Income						
Idaho	$ 33,619	$ 33,085	$ 31,520	$ 31,181	$ 31,985	$ 34,698
Change	1.4%	-1.6%	-4.7%	-1.1%	2.6%	4.2%
National	$ 40,890	$ 40,973	$ 39,324	$ 39,578	$ 40,729	$ 44,205
Change	1.7%	0.2%	-4.0%	0.6%	2.9%	4.2%
Median Age - Idaho[2]	34.3	34.4	34.2	34.7	35.0	35.2
Educational Attainment[3]						
8th Grade or Less	3.9%	5.0%	4.5%	4.2%	4.5%	4.1%
Some High School, No Diploma	7.8%	7.1%	7.1%	7.5%	6.9%	6.1%
High School Diploma	29.9%	27.7%	28.8%	28.6%	27.5%	27.7%
Some College, No Degree	25.4%	27.6%	27.3%	27.0%	26.9%	27.6%
Associate, Bachelor or Graduate Degree	33.1%	32.5%	32.2%	32.7%	34.2%	34.5%
Resident Civilian Labor Force and Employment in Idaho						
Civilian Labor Force	754,438	755,153	757,131	761,056	765,178	769,617
Employed	731,235	716,653	690,722	692,826	701,466	713,981
Unemployed	23,203	38,500	66,409	68,230	63,712	55,636
Unemployment Rate	3.1%	5.1%	8.8%	9.0%	8.3%	7.2%
Nonfarm Wage and Salary Workers Employed in Idaho						
Goods Producing Industries						
Mining	2,665	2,767	2,163	2,296	2,584	2,697
Logging and Wood Products	9,584	8,065	5,899	5,792	6,206	6,526
Computer and Electronics	16,216	14,305	11,098	10,574	11,191	11,625
Construction	52,592	45,010	34,403	31,296	30,359	31,428
Manufacturing-Durable Goods[4]	18,400	17,499	15,207	14,805	15,281	16,079
Manufacturing-Nondurable Goods	23,861	24,583	23,634	23,260	23,364	24,017
Total Goods Producing Industries	**123,318**	**112,229**	**92,404**	**88,023**	**88,985**	**92,372**
Non-Goods Producing Industries						
Trade	111,651	110,453	102,270	100,837	101,887	104,946
Service	304,462	307,045	295,846	296,270	302,714	307,731
State and Local Government	103,975	105,987	105,994	104,879	104,521	104,612
Federal Government	12,820	13,200	13,496	13,691	12,654	12,640
Total Non-Goods Producing Industries	**532,908**	**536,685**	**517,606**	**515,677**	**521,776**	**529,929**
Total Nonfarm Wage and Salary Employment	**656,226**	**648,914**	**610,010**	**603,700**	**610,761**	**622,301**

Sources: Idaho Division of Financial Management, Idaho Department of Labor, Idaho State Board of Education, U.S. Bureau of Economic Analysis, and U.S. Census Bureau.

Note: Amounts for calendar years 2014-2016 are estimates. Prior year amounts may change due to revisions by the U.S. Bureau of Economic Analysis and the U.S. Census Bureau.

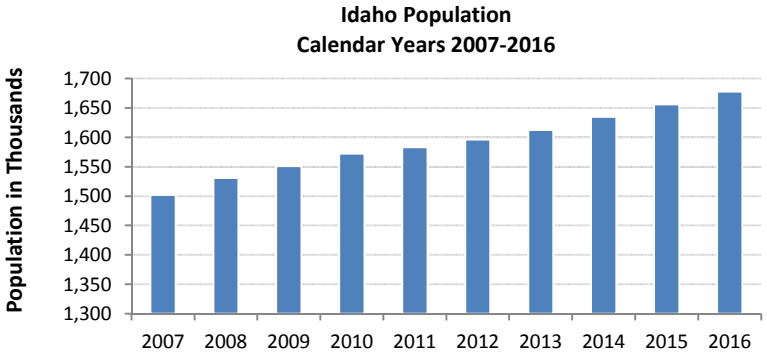
[1]Total personal income is comprised of earned income, dividends, interest, rents, and government transfer payments.

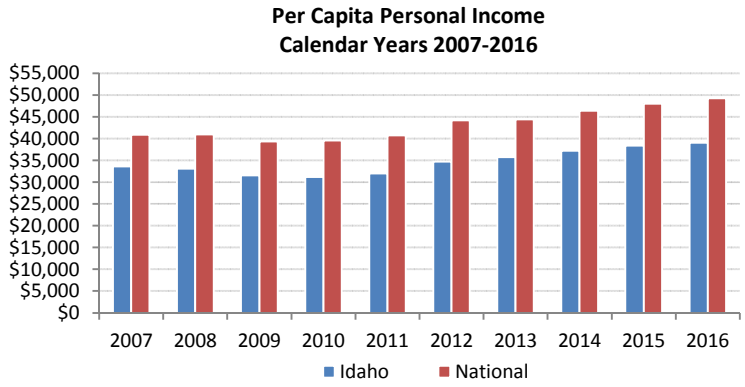
[2]Median age data for Idaho is not currently available for calendar year 2016.

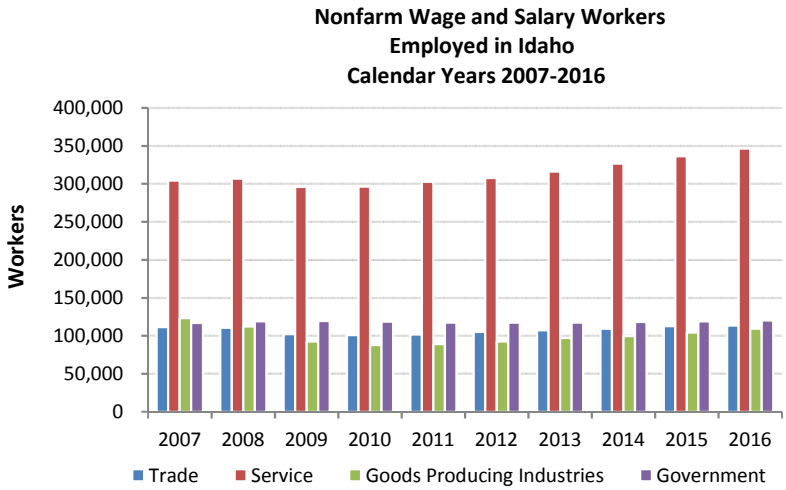
[3]Educational attainment information is not currently available for calendar year 2016.

[4]"Manufacturing-Durable Goods" amounts are net of "Logging and Wood Products" and "Computer and Electronics" amounts, which are presented separately in this schedule.

	2013	2014	2015	2016
	1,613	1,635	1,656	1,678
	1.1%	1.4%	1.3%	1.3%
	317,094	319,504	321,978	324,494
	0.7%	0.8%	0.8%	0.8%
$	57	$ 60	$ 62	$ 65
	4.0%	5.5%	4.6%	3.0%
$	14,074	$ 14,810	$ 15,459	$ 15,988
	1.1%	5.2%	4.4%	3.4%
$	35,709	$ 37,159	$ 38,375	$ 38,995
	2.9%	4.1%	3.3%	1.6%
$	44,383	$ 46,351	$ 48,010	$ 49,269
	0.4%	4.4%	3.6%	2.6%
	35.7	35.9	35.8	NA
	4.3%	3.9%	3.7%	NA
	6.3%	6.0%	6.3%	NA
	27.4%	28.2%	27.5%	NA
	26.7%	27.5%	27.0%	NA
	35.3%	34.4%	35.5%	NA
	772,513	781,390	797,475	807,134
	724,955	743,574	764,463	776,015
	47,558	37,816	33,012	31,119
	6.2%	4.8%	4.1%	3.9%
	2,582	2,415	2,359	2,352
	7,130	7,060	7,255	7,796
	11,266	11,425	11,899	12,008
	33,635	35,847	38,419	41,192
	17,461	17,568	18,242	18,698
	25,252	25,525	26,057	27,178
	97,326	**99,840**	**104,231**	**109,224**
	107,377	109,527	112,875	113,402
	315,985	326,778	336,261	346,635
	105,023	105,862	106,565	107,490
	12,411	12,336	12,551	12,827
	540,796	**554,503**	**568,252**	**580,354**
	638,122	**654,343**	**672,483**	**689,578**







Schedule 12 - Principal Employers

Current Year and Nine Years Ago

	As of June 30,2007			As of June 30,2016		
Major Idaho Employers	**Number of Employees**	**Rank**	**Percent of Total State Employment**	**Number of Employees**	**Rank**	**Percent of Total State Employment**
State of Idaho[1]	8,000-18,500	1	2.5	19,500-20,000	1	2.5
Federal Government	2,500-13,000	2	1.7	12,000-12,500	2	1.6
St Luke's Health System	4,500-5,000	6	0.6	11,500-12,000	3	1.5
Wal-Mart Associates, Inc.	6,500-7,000	4	0.9	6,500-7,000	4	0.9
Micron Technology, Inc.	9,000-11,000	3	1.4	5,500-6,000	5	0.7
Brigham Young University-Idaho	3,000-3,500	10	0.4	4,500-5,000	6	0.6
Meridian Joint School District #2	4,000-4,500	7	0.6	4,000-4,500	7	0.5
Boise Independent School District #1	3,500-4,000	8	0.5	3,500-4,000	8	0.5
Battelle Energy Alliance	3,500-4,000	9	0.5	3,000-3,500	9	0.4
St Alphonsus Regional Medical Center				3,000-3,500	10	0.4
J.R. Simplot Co.	3,000-3,500	12	0.4	3,000-3,500	11	0.4
Albertsons	5,000-5,500	5	0.7	3,000-3,500	12	0.4
Hewlett-Packard Co.	3,000-3,500	11	0.4			
Total	**79,250**		**10.6**	**82,000**		**10.4**

Source: Idaho Department of Labor, except state employee data, which comes from the Office of the Idaho State Controller.

Note: All figures are based on a calendar year average. Total number of employees is based on the sum of the mid-points in the ranges given.

[1]Number of state employees includes only full-time personnel.

Schedule 13 - Education Enrollment

Public School Enrollment Grades K-12

Academic Years 2006/07-2015/16

	2006/07	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Elementary	146,253	150,094	151,902	154,368	153,298	154,691	156,742	160,412	161,071	162,131
Secondary	121,347	122,025	123,252	124,236	125,237	126,149	127,576	128,651	129,938	132,340
Total All Grades	**267,600**	**272,119**	**275,154**	**278,604**	**278,535**	**280,840**	**284,318**	**289,063**	**291,009**	**294,471**

Source: Idaho Department of Education

Public Higher Education Enrollment

Student Headcount[1] (Calendar Years 2007-2016)

	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Boise State University	19,542	19,670	18,936	19,993	19,664	22,638	21,981	22,239	22,086	23,854
Idaho State University	13,362	12,644	13,493	12,595	12,587	13,860	13,351	13,455	13,032	12,928
University of Idaho	11,636	11,791	11,957	12,302	12,312	12,493	11,884	11,534	11,372	11,780
Lewis-Clark State College	3,269	3,334	3,521	3,822	3,761	3,830	3,585	3,616	3,635	3,909
Eastern Idaho Technical College	762	768	870	862	829	709	725	686	687	676
Total Colleges and Universities	**48,571**	**48,207**	**48,777**	**49,574**	**49,153**	**53,530**	**51,526**	**51,530**	**50,812**	**53,147**

Source: Idaho State Board of Education

Note: Total headcount includes academic full-time, academic part-time, and vocational students.

[1]Figures are based on fall enrollment numbers for each year.

Schedule 14 - State Employees by Function

Fiscal Years 2007-2016

Full-Time Employees

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Tax Commission	389	392	393	368	373	406	426	425	425	422
Department of Administration	164	138	142	139	141	137	136	137	136	128
All Other	1,093	1,144	1,161	1,133	1,098	1,058	1,091	1,127	1,139	1,132
Public Safety and Correction										
Department of Correction	1,516	1,560	1,586	1,543	1,529	1,517	1,550	1,544	1,879	1,928
Idaho State Police	467	469	485	465	452	458	479	480	488	490
Department of Juvenile Corrections	342	350	396	381	382	387	384	387	398	391
All Other	339	336	349	327	362	354	373	566	417	428
Health and Human Services										
Department of Health and Welfare	2,885	2,917	2,922	2,887	2,642	2,606	2,611	2,647	2,614	2,650
Education										
Colleges and Universities	6,004	6,063	6,124	6,242	6,093	6,436	6,548	6,721	6,842	6,984
All Other	480	456	468	469	473	361	371	376	362	384
Economic Development										
Idaho Transportation Department	1,717	1,726	1,758	1,772	1,742	1,714	1,683	1,642	1,581	1,516
Department of Commerce and Labor[1]	496									
Department of Labor[1]		440	436	506	532	514	547	547	539	497
Department of Agriculture	307	301	293	279	245	249	253	261	257	269
All Other	840	933	932	909	981	966	992	990	999	1,011
Natural Resources										
Department of Environmental Quality	352	356	365	340	328	331	332	328	322	329
Department of Fish and Game	506	502	513	504	535	545	534	534	533	530
Department of Lands	234	244	242	235	227	231	239	238	253	252
Department of Parks and Recreation	141	146	155	147	131	132	136	132	135	135
All Other	181	193	195	182	174	171	167	162	159	161
State Total	**18,453**	**18,666**	**18,915**	**18,828**	**18,440**	**18,573**	**18,852**	**19,244**	**19,478**	**19,637**

Part-Time and Temporary Employees[2]

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	361	405	334	385	362	388	342	349	323	440
Public Safety and Correction	195	223	192	159	174	202	178	203	206	162
Health and Human Services	591	620	400	286	256	229	257	243	253	255
Education	2,740	3,347	2,880	2,532	2,509	2,587	2,655	2,514	2,441	2,578
Economic Development	900	896	907	838	884	774	732	705	643	632
Natural Resources	608	686	603	518	440	433	431	465	477	476
State Total	**5,395**	**6,177**	**5,316**	**4,718**	**4,625**	**4,613**	**4,595**	**4,479**	**4,343**	**4,543**

Source: Office of the Idaho State Controller.

[1]In fiscal year 2008 legislative action separated the Department of Commerce from the Department of Labor.

[2]Part-time and temporary employees are those working less than full-time, including board and commission members.

Schedule 15 - Operating Indicators by Function
Calendar/Fiscal Years 2007-2016

	2007	2008	2009	2010	2011	2012
General Government						
Tax Commission						
Number of Returns Filed *(in thousands)*	2,180	2,292	2,220	2,226	2,260	2,316
Number of Returns Filed Electronically *(in thousands)*	386	436	457	492	543	568
Department of Administration						
Construction Projects Administered	538	529	443	431	399	345
Employees Covered by Benefit Plans	19,045	19,319	19,507	19,343	18,942	19,018
Public Safety and Correction						
Department of Correction[1]						
Incarcerated Offenders	7,357	7,338	7,283	7,504	7,578	8,097
Supervised Offenders	12,581	13,361	13,756	13,902	14,595	14,530
Idaho State Police						
Drug Related Arrests[2]	989	850	895	982	1,021	1,454
DUI Arrests[2]	1,744	1,654	1,977	2,441	2,003	1,845
All Other Arrests[2]	811	1,278	1,281	1,163	1,262	1,145
Department of Juvenile Corrections						
Number of Juveniles in the System	710	744	659	568	529	553
Rate of Recommitment to DJC Custody	11.6%	11.7%	18.4%	17.0%	15.0%	12.0%
Health and Human Services						
Department of Health and Welfare[1]						
Medicaid Enrollees	184,508	184,465	191,989	209,126	227,991	238,165
Percent of Population	12.3%	12.0%	12.4%	13.3%	14.4%	14.9%
Food Stamp Recipients	86,946	95,433	124,826	179,074	223,370	235,502
Percent of Population	5.8%	6.2%	8.1%	11.4%	14.1%	14.8%
Education						
Colleges and Universities[1]						
Enrollment	48,571	48,207	48,777	49,574	49,153	53,530
Number of Certificates and Degrees Awarded	8,733	8,550	8,739	8,760	9,306	9,980
Economic Development						
Idaho Transportation Department						
Percent of Pavement Which is Deficient[1]	20%	19%	20%	18%	16%	13%
Vehicles Weighed *(in thousands)*	2,800	2,700	2,400	2,400	2,400	2,314
Department of Labor						
Individuals Registered for Employment[6]	175,178	222,606	284,205	334,896	331,449	301,338
Job Openings Received[7]	96,239	77,012	46,967	47,956	69,323	57,189
Department of Agriculture						
Conduct Disease Tests on Animals[3]	208,338	303,184	367,698	362,905	676,604	100,454
Inspections of Dairy Farms	6,632	5,897	7,919	6,932	7,653	8,024
Natural Resources						
Department of Environmental Quality						
Air Quality Sites Monitored	35	31	42	41	43	39
Water Sites Monitored[4]	506	610	0	128	101	237
Department of Fish and Game						
Citations and Warnings Issued	6,140	5,411	5,435	4,799	4,053	4,175
Hatchery Fish Raised *(in thousands)* [2]	35,502	29,573	22,676	27,085	32,351	23,007
Hunting and Fishing Licenses Sold[2]	572,617	536,681	571,179	548,949	523,698	573,714
Department of Lands[1]						
Forest Products Harvested *(in million board feet)*	215	225	190	212	273	287
Fires Responded to on IDL Land	349	247	352	183	249	187
Department of Parks and Recreation						
Park Visitation *(in thousands)* [1, 2, 5]	4,248	4,203	4,460	4,389	4,783	4,638
Recreational Registrations *(in thousands)* [5]	273	274	286	272	268	262

Sources: Idaho Division of Financial Management; Idaho State Tax Commission; Office of the Idaho State Controller; Idaho State Police; Idaho State Board of Education; and the Idaho Departments of Administration, Correction, Juvenile Corrections, Health and Welfare, Transportation, Labor, Agriculture, Environmental Quality, Fish and Game, Lands, and Parks and Recreation.

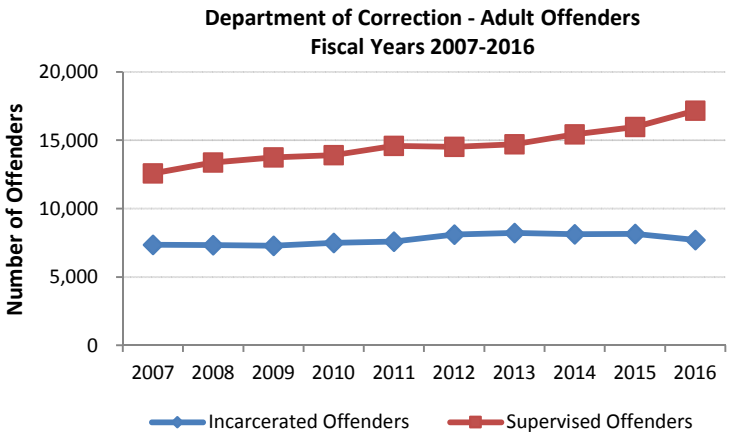
Note: Operating indicators for fiscal years (FY) 2015 and FY2016 are estimates unless otherwise noted below.

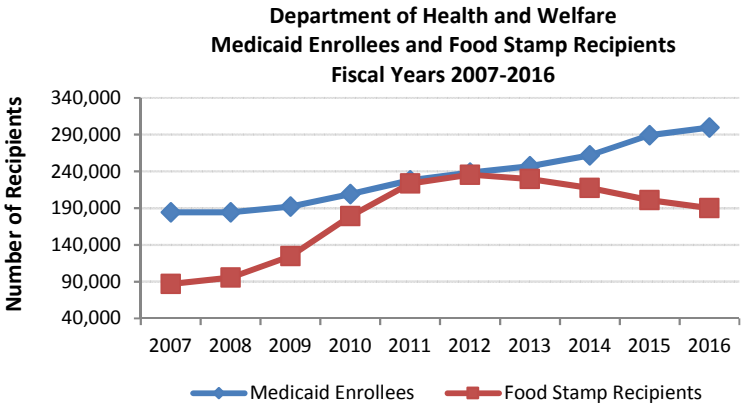
[1]Operating indicators for FY2015 are actual amounts, not estimates.

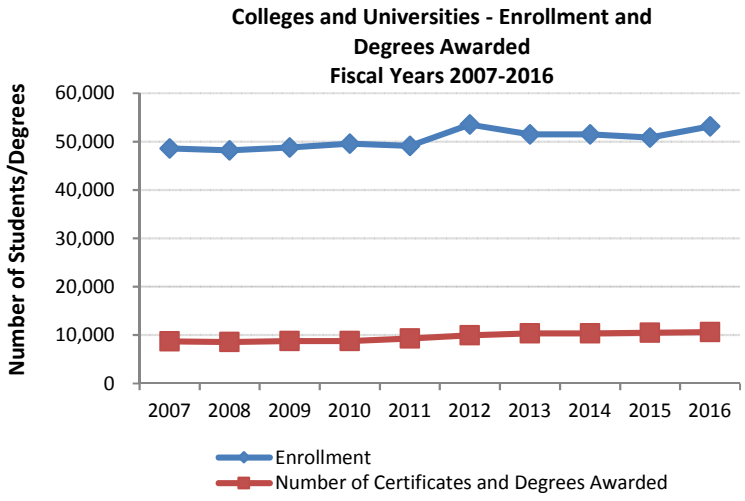
[2]Operating indicators are reported on a calendar year basis.

[3]In FY2011 and FY2012 the increase and decrease in disease testing on animals is attributed to brucellosis testing.

2013	2014	2015	2016
2,350	2,390	2,415	2,484
587	616	695	731
293	296	311	366
19,247	19,592	19,831	20,019
8,221	8,120	8,157	7,715
14,705	15,433	15,970	17,162
1,411	1,559	1,456	1,389
1,659	1,304	1,197	1,089
1,101	1,071	876	702
550	498	467	433
18.2%	13.0%	14.0%	14.0%
247,151	261,639	289,303	299,611
15.3%	16.0%	17.5%	17.9%
229,586	217,553	201,094	189,910
14.2%	13.3%	12.1%	11.3%
51,526	51,530	50,812	53,147
10,382	10,356	10,518	10,618
14%	14%	14%	16%
2,281	2,433	2,514	2,078
277,111	255,891	200,771	121,672
80,283	101,897	107,353	279,856
110,944	105,090	99,276	102,251
8,786	8,854	8,688	8,419
40	40	40	39
237	290	231	284
3,480	4,868	4,348	2,635
23,837	35,253	30,774	33,573
566,460	576,063	600,328	584,871
290	274	222	NA
322	351	321	NA
4,777	4,821	4,465	NA
275	270	277	NA







[4]In FY2009 the Department of Environmental Quality suspended surface water monitoring activities due to the FY2009 budget cuts.

[5]Park visitation is counted in visitor days. Recreational registrations include boats, snowmobiles, all-terrain vehicles, and Park N' Ski permits.

[6]In FY2016, the increase in job openings is due to an improving Idaho economy. A substantial decrease in unemployment has contributed to a decrease in the number of individuals registered for employment.

Schedule 16 - Capital Assets by Function

Fiscal Years 2007-2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Department of Administration										
Buildings *(square footage in thousands)* [1]	741	728	728	728	728	728	728	719	754	754
Public Safety and Correction										
Department of Correction										
Buildings	97	97	98	101	104	105	80	84	87	84
Vehicles	353	392	342	359	367	384	401	394	402	457
Idaho State Police										
Vehicles	441	431	443	431	459	419	430	466	493	497
Machinery and Equipment[2]	846	867	928	810	915	857	886	1,084	1,138	1,210
Department of Juvenile Corrections										
Buildings *(square footage in thousands)*	252	250	250	239	239	242	224	224	224	242
Vehicles	52	54	53	56	56	54	56	60	56	62
Health and Human Services										
Department of Health and Welfare										
Buildings *(square footage in thousands)* [3]	914	914	978	1,705	1,700	1,698	1,715	1,726	1,487	1,487
Vehicles	539	518	520	501	485	480	431	494	501	492
Education										
Colleges and Universities										
Buildings (*square footage in thousands*)	12,539	12,890	13,612	13,931	14,198	15,024	15,098	15,161	15,117	15,252
Economic Development										
Idaho Transportation Department										
Highway Lane Miles[4]	11,877	11,930	11,944	11,989	11,998	12,222	12,222	12,236	12,269	12,271
Vehicles[5]	818	801	837	848	823	841	823	766	748	680
Heavy Equipment[5]	1,444	1,494	1,535	1,536	1,532	1,543	1,407	1,192	1,098	898
Department of Agriculture										
Scientific and Laboratory Equipment[6]	162	165	176	165	153	160	152	156	100	106
Vehicles	209	201	195	196	177	195	203	223	206	210
Natural Resources										
Department of Environmental Quality										
Air Monitoring Instruments	119	124	166	167	171	196	185	185	156	148
Water Sampling/Quality Equipment	87	88	76	78	78	80	81	81	27	29
Department of Fish and Game										
Hatcheries	19	22	22	23	23	23	23	23	23	23
Vehicles	646	621	670	636	638	665	682	704	707	702
Boats[6]	289	286	287	281	280	279	287	284	84	83
Wildlife Management Areas	33	33	33	32	32	32	32	32	32	32
Department of Lands										
Acres of Land (*in thousands*)[4]	2,460	2,461	2,460	2,446	2,449	2,448	2,448	2,442	2,442	2,442
Vehicles	353	351	350	356	343	362	359	371	375	412
Department of Parks and Recreation										
State Parks	35	35	35	30	30	30	30	30	30	30
Acres of State Park Land (*in thousands*)	61	61	61	60	60	60	60	60	60	60
Buildings	324	329	336	351	349	365	368	372	348	356
Vehicles	288	312	343	329	320	313	327	318	314	317

Sources: Office of the Idaho State Controller; Idaho Departments of Juvenile Corrections, Health and Welfare, Transportation, Environmental Quality, Fish and Game, Lands, and Parks and Recreation; and Idaho colleges and universities.

Note: The Idaho State Tax Commission, the Department of Commerce, and the Department of Labor are not capital-asset intensive.

Note: In fiscal year (FY)2015 a change in methodology for calculating capital assets resulted in a variance from FY2014.

[1]In FY2015, a new 35,000 square foot parking garage was built in Boise to provide additional parking for state employees.

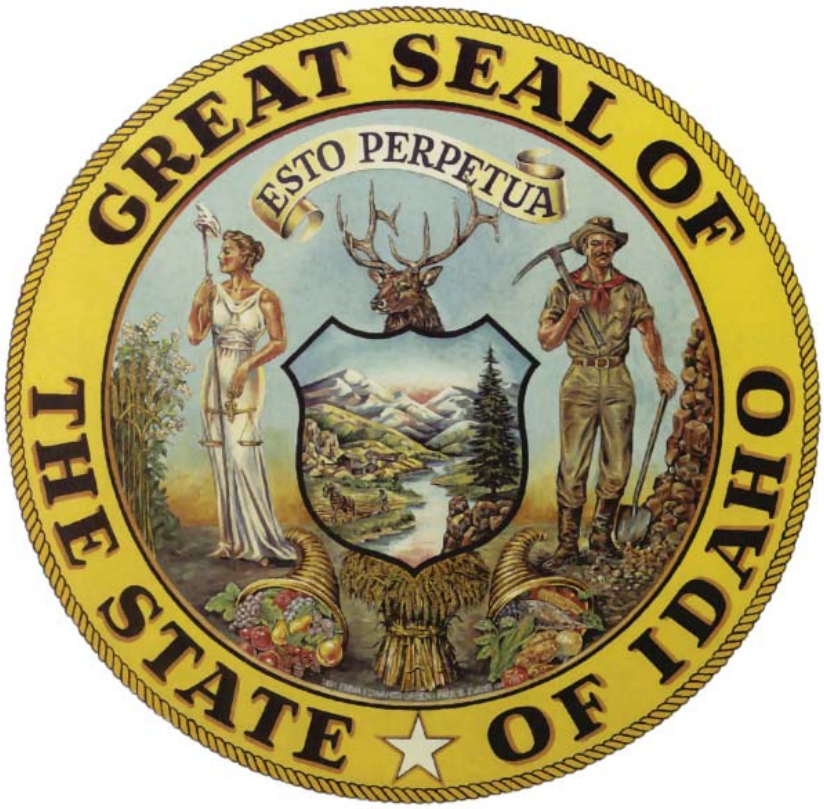
[2]In FY2014-2015, Idaho State Police ordered more vehicles and related equipment than in prior years.

[3]Beginning in FY2010, leased buildings are included.

[4]Highway lane miles and acres of land for FY2016 are based on estimates.

[5]Idaho Department of Transportation (ITD) vehicles and heavy equipment have been restated for FY2007-2013. During FY2014 ITD actively reduced the amount of heavy equipment.

[6]For FY2015-2016, assets under $5,000 are not included in capital assets.


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

Schedule 17 - Assets, Liabilities, and Fund Balances
General Fund Accounts
June 30, 2016
(dollars in thousands)

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
ASSETS					
Cash and Cash Equivalents	$ 2				
Pooled Cash and Investments	529,625	$ 39,757	$ 286,082	$ 41,958	$ 128,782
Investments		11,550			134
Accounts Receivable, Net	502			12,500	
Taxes Receivable, Net	360,080	2,843			395
Interfund Receivables	6,015	1,086			14
Inventories and Prepaid Items	2,690			168	132
Loans, Notes, and Pledges Receivable, Net					
Other Assets	459	58	453		207
Restricted Assets:					
Cash and Cash Equivalents				9	
Investments				248,427	
Total Assets	$ 899,373	$ 55,294	$ 286,535	$ 303,062	$ 129,664
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 468,933	$ 1,647	$ 73	$ 245	$ 2,745
Payroll and Related Liabilities	18,241	133	9	6	24
Interfund Payables	1,478				677
Due to Other Entities					
Unearned Revenue	93	8,429			
Amounts Held in Trust for Others	1,645				
Other Accrued Liabilities	371	1,876	12		5
Total Liabilities	490,761	12,085	94	251	3,451
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows	138,724	95		12,500	3
Fund Balances					
Nonspendable:					
Inventories and Prepaid Items	2,690			168	132
Noncurrent Receivables					
Restricted				260,239	
Committed		43,114			126,078
Assigned	3,683			77	
Unassigned	263,515		286,441	29,827	
Total Fund Balances	269,888	43,114	286,441	290,311	126,210
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 899,373	$ 55,294	$ 286,535	$ 303,062	$ 129,664

Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	Total
					$ 88	$ 90
$ 48,528	$ 2,132	$ 7,445	$ 12,310	$ 43,521	164,855	1,304,995
					20,552	32,236
				10,268	1,832	25,102
22,470	51,098				533	437,419
					223	7,338
				7,165	375	10,530
					4,879	4,879
					420	1,597
656					1,864	2,529
					1,165	249,592
$ 71,654	$ 53,230	$ 7,445	$ 12,310	$ 60,954	$ 196,786	$ 2,076,307
	$ 54			$ 330	$ 2,025	$ 476,052
			$ 167	223	1,891	20,694
					43	2,198
$ 59,003						59,003
					252	8,774
					23,084	24,729
					14	2,278
59,003	54		167	553	27,309	593,728
2,150	30,480				101	184,053
				7,165	375	10,530
					50	50
10,501	22,696				5,362	298,798
		$ 7,445			144,063	320,700
			12,143	53,594	41,671	111,168
				(358)	(22,145)	557,280
10,501	22,696	7,445	12,143	60,401	169,376	1,298,526
$ 71,654	$ 53,230	$ 7,445	$ 12,310	$ 60,954	$ 196,786	$ 2,076,307

Schedule 18 - Revenues, Expenditures, and Changes in Fund Balances
General Fund Accounts
For the Fiscal Year Ended June 30, 2016
(dollars in thousands)

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
REVENUES					
Sales Tax	$ 1,323,743	$ 5,000			
Individual and Corporate Taxes	1,680,090	7,773			$ 456
Other Taxes	28,593	6,464			4,269
Licenses, Permits, and Fees	10,889				1,149
Sale of Goods and Services	161	257			6,521
Grants and Contributions	30				29
Investment Income	11,098	662	$ 970	402	1,317
Tobacco Settlement				25,297	
Other Income	967	22	147		364
Total Revenues	3,055,571	20,178	1,117	25,699	14,105
EXPENDITURES					
Current:					
General Government	97,608	8,990	6,117	1,957	84
Public Safety and Correction	289,476			1,988	1,885
Health and Human Services				4,102	5,600
Education	128,172			115	1,518,574
Economic Development	23,582				850
Natural Resources	19,963		9		
Capital Outlay	12,653	29,560			1,584
Intergovernmental Revenue Sharing	25,204			459	557
Debt Service:					
Principal Retirement	987				
Interest and Other Charges	11,343	204	35		16
Total Expenditures	608,988	38,754	6,161	8,621	1,529,150
Revenues Over (Under) Expenditures	2,446,583	(18,576)	(5,044)	17,078	(1,515,045)
OTHER FINANCING SOURCES (USES)					
Capital Lease Acquisitions	7				
Sale of Capital Assets	230	120			
Transfers In	3,212,275	42,954	35,623	19,155	1,604,996
Transfers Out	(5,631,626)	(27,692)	(446)	(19,155)	(103,183)
Total Other Financing Sources (Uses)	(2,419,114)	15,382	35,177		1,501,813
Net Change in Fund Balances	27,469	(3,194)	30,133	17,078	(13,232)
Fund Balances - Beginning of Year	242,419	46,308	256,308	273,233	139,442
Fund Balances - End of Year	$ 269,888	$ 43,114	$ 286,441	$ 290,311	$ 126,210

Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	General Account Transfer Eliminations	Total
$ 237,578	$ 4,843				$ 1,801		$ 1,572,965
	1,716				6,779		1,696,814
	12,308				6,640		58,274
		$ 99		$ 105	10,759		23,001
				30	23,629		30,598
					12,268		12,327
		179			1,690		16,318
							25,297
		3,006		8,867	30,665		44,038
237,578	18,867	3,284		9,002	94,231		3,479,632
	1		$ 6,881	59	12,163		133,860
					6,840		300,189
		16,677			66		26,445
					43,706		1,690,567
				410	22,947		47,789
				35,541	7,049		62,562
			31		5,472		49,300
222,811	598				2,797		252,426
							987
					22		11,620
222,811	599	16,677	6,912	36,010	101,062		2,575,745
14,767	18,268	(13,393)	(6,912)	(27,008)	(6,831)		903,887
							7
					33		383
		27,000	14,755	87,324	67,583	$ (4,902,586)	209,079
	(17,672)	(28,893)			(53,185)	4,902,586	(979,266)
	(17,672)	(1,893)	14,755	87,324	14,431		(769,797)
14,767	596	(15,286)	7,843	60,316	7,600		134,090
(4,266)	22,100	22,731	4,300	85	161,776		1,164,436
$ 10,501	$ 22,696	$ 7,445	$ 12,143	$ 60,401	$ 169,376		$ 1,298,526

Schedule 19 - Miscellaneous Statistics

State Facts	
State Capital	Boise
Admitted to the Union	July 3, 1890
Nickname	The Gem State
Motto	Esto Perpetua (Let It Be Perpetual)
Population	1,678,000
Highest Elevation Point	Mt. Borah
	12,662 Feet Above Sea Level
Lowest Elevation Point	Snake River at Lewiston
	710 Feet Above Sea Level
Number of Lakes	More Than 2,000
State Bird	Mountain Bluebird
State Dance	Square Dance
State Fish	Cutthroat Trout
State Flower	Syringa
State Fossil	Hagerman Horse
State Fruit	Huckleberry
State Gem Stone	Idaho Star Garnet
State Horse	Appaloosa
State Insect	Monarch Butterfly
State Raptor	Peregrine Falcon
State Amphibian	Idaho Giant Salamander
State Song	"Here We Have Idaho"
State Tree	Western White Pine
State Vegetable	Potato

Source: *Idaho Blue Book, 2015-2016*
Idaho Fiscal Facts, 2016

Land Area and Use

(in square miles)

Land Area	83,557
Water Area	880
Federal Land	52,715
Total Non-Federal Land	30,842
Total Rural Land	79,379
Agricultural Land	12,534
Range Land	34,258
Forest Land	32,587

Land Area and Use amounts were converted from square acres to square miles at 640 acres to the mile.

Source: *Idaho Blue Book, 2015-2016*
Idaho Fiscal Facts, 2016

Twenty Largest Communities in Idaho

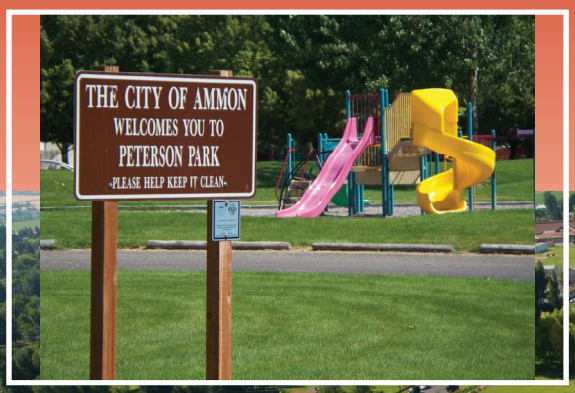
	2007	2016
Boise	198,638	218,281
Meridian	59,832	90,939
Nampa	76,587	89,839
Idaho Falls	52,786	59,184
Pocatello	53,932	54,441
Caldwell	37,056	51,686
Coeur d'Alene	41,328	49,122
Twin Falls	40,380	47,468
Lewiston	31,293	32,544
Post Falls	24,515	30,453
Rexburg	26,657	27,663
Moscow	22,352	25,060
Eagle	18,419	23,612
Kuna	11,510	17,226
Ammon	12,065	14,960
Chubbuck	10,861	14,428
Hayden	12,349	14,133
Mountain Home	11,656	13,730
Blackfoot	11,007	11,740
Garden City	11,353	11,550

Source: *Idaho Fiscal Facts, 2007 & 2016*

Idaho Commodity Rankings

Commodity	U.S. Rank	U.S. %
Potatoes	1	32
Austrian Winter Peas	2	51
Wrinkled Seed Peas	2	40
Barley	1	28
Sugarbeets	2	19
All Mint	3	19
Hops	3	11
Lentils	4	5
Dry Edible Peas	4	4
Dry Edible Beans	5	7
Sweet Cherries	5	1
All Wheat	6	5
Apples	10	1
All Hay	9	4

Source: *Idaho Fiscal Facts, 2016*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Ammon

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